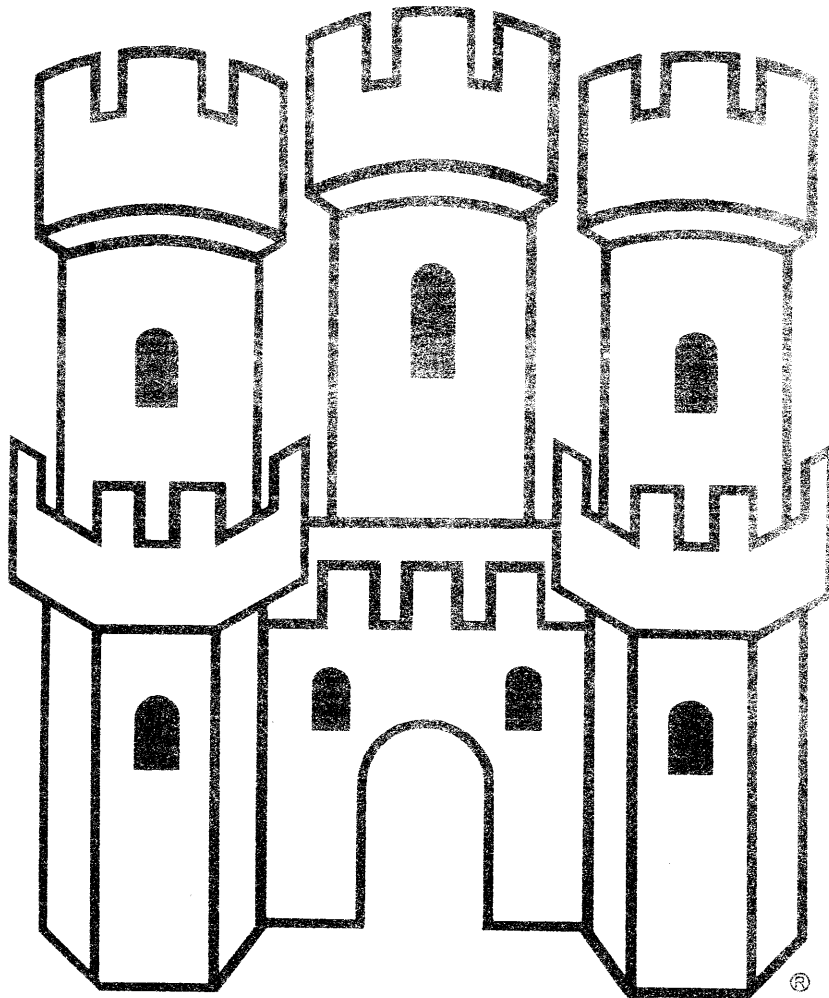


EXHIBIT A

SPECIAL MULTI-PERIL POLICY



A STOCK COMPANY

REGIS
INSURANCE COMPANY

PENNSYLVANIA

P & C 000001

(A stock insurance company, herein called the Company)

POLICY PROVISIONS — PART A

THESE POLICY PROVISIONS "PART A", WITH DECLARATIONS—"PART B" (PAGES 1 & 2), FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART HEREOF, COMPLETES THE ABOVE NUMBERED POLICY.

THE FOLLOWING PROVISIONS APPLY TO SECTIONS I AND II

A. WAR RISK AND GOVERNMENTAL ACTION EXCLUSION: Under Section I as respects perils other than fire (which is otherwise provided for on Page 2 of this policy) and under Section II as respects liability assumed by the insured under any incidental contract or as to first aid or medical expense, this policy shall not apply to loss, bodily injury, or property damage caused, directly or indirectly, by or due to any act or condition incident to the following:

1. hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack, (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of any such government, power, authority or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces;
2. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence; seizure or destruction under quarantine or custom's regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

B. LIBERALIZATION CLAUSE: If during the period that insurance is in force under this policy, or within 45 days prior to the inception date thereof, on behalf of the Company there be adopted, or filed with and approved or accepted by the insurance supervisory authorities, all in conformity with law, any changes in the form attached to this policy by which this form of insurance could be extended or broadened without increased premium charge by endorsement or substitution of form, then such extended or broadened insurance shall inure to the benefit of the insured hereunder as though such endorsement or substitution of form had been made.

C. INSPECTION AND AUDIT: The Company shall be permitted but not obligated to inspect the named insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the named insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Company may examine and audit the named insured's books and records at

any time during the policy period and extensions thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

D. CANCELLATION (Not applicable in the States of Massachusetts and Minnesota): The words "five days" in the cancellation provision on Page 2 of the policy are deleted and the words "ten days" are substituted therefor.

E. SUBROGATION: In the event of any payment under this policy, the Company shall be subrogated to all the insured's rights of recovery therefor against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

F. CONFORMITY WITH STATUTE: The terms of this policy and forms attached hereto which are in conflict with the statutes of the state wherein this policy is issued are hereby amended to conform to such statutes.

G. POLICY PERIOD, TERRITORY:

1. Section I of this policy applies only to loss to property during the policy period while such property is within the fifty states of the United States of America and the District of Columbia.
2. Section II of this policy applies only to bodily injury or property damage which occurs during the policy period within the policy territory; "policy territory" means:
 - a. the United States of America, its territories or possessions, or Canada, or
 - b. international waters or air space, provided the bodily injury or property damage does not occur in the course of travel or transportation to or from any other country, state or nation, or
 - c. anywhere in the world with respect to damages because of bodily injury or property damage arising out of a product which was sold for use or consumption within the territory described in paragraph a. above, provided the original suit for such damages is brought within such territory.

H. TIME OF INCEPTION: To the extent that coverage in this policy replaces coverage in other policies terminating at 12:01 A.M. (Standard Time) on the inception date of this policy, this policy shall be effective at 12:01 A.M. (Standard Time) instead of at Noon Standard Time.

THE FOLLOWING PROVISIONS APPLY TO SECTION I

A. NUCLEAR CLAUSE: The word "fire" in this policy is not intended to and does not embrace nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and loss by nuclear reaction or nuclear radiation or radioactive contamination is not intended to be and is not insured against by this policy, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by "fire" or any other perils insured against by this policy; however, subject to the foregoing and all provisions of this policy, direct loss by "fire" resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.

B. NUCLEAR EXCLUSION: Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing is not insured against by this policy, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by any of the perils insured against by this policy; and nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, is not "explosion" or "smoke". This clause applies to all perils insured against hereunder except the perils of fire and lightning, which are otherwise provided for in the Nuclear Clause above.

C. NO CONTROL: This insurance shall not be prejudiced:

1. by any act or neglect of the owner of any building if the insured is not the owner thereof, or by any act or neglect of any occupant (other than the insured) of any building, when such act or neglect of the owner or occupant is not within the control of the insured, or
2. by failure of the insured to comply with any warranty or condition contained in any form or endorsement attached to this policy with regard to any portion of the premises over which the insured has no control.

D. PROTECTIVE SAFEGUARDS: It is a condition of this insurance that the insured shall maintain so far as is within his control such protective safeguards as are set forth by endorsement hereto.

Failure to maintain such protective safeguards shall suspend this insurance, only as respects the location or situation affected, for the time of such discontinuance.

E. IMPAIRMENT OF RECOVERY: Except as noted below, the Company shall not be bound to pay any loss if the insured shall have impaired any right of recovery for loss to the property insured; however it is agreed that:

1. as respects property while on the premises of the insured, permission is given the insured to release others in writing from liability for loss prior to loss, and such release shall not affect the right of the insured to recover hereunder, and
2. as respects property in transit, the insured may, without prejudice to this insurance, accept such bills of lading, receipts or contracts of transportation as are

ordinarily issued by carriers containing a limitation as to the value of such goods or merchandise.

F. OTHER INSURANCE:

1. Loss by fire or other perils not provided for in 2. below: If at the time of the loss, there is other insurance available to the insured or any other interested party covering such loss or which would have covered such loss except for the existence of this insurance, then the Company shall be liable as follows:
 - a. If such insurance is Contributing Insurance, defined as any insurance written in the name of the insured, upon the same plan, terms, conditions and provisions as contained in this policy whether collectible or not, the Company shall be liable for no greater proportion of any loss than the limit of liability under this policy bears to the whole amount of insurance covering such property.
 - b. If such insurance is Specific Insurance, defined as any insurance other than that described as Contributing Insurance in a. above, the Company shall not be liable for any loss hereunder until the liability of such Specific Insurance has been exhausted, and then shall cover only such amount as may exceed the amount due from such Specific Insurance (whether collectible or not) after application of any contribution, coinsurance, average or distribution or other clauses contained in policies of such Specific Insurance affecting the amount collectible thereunder, not exceeding however, the applicable limit of liability under this policy.
2. Loss by burglary, robbery or theft or loss of personal property covered on an unspecified peril basis: Insurance under this policy shall apply as excess insurance over any other valid and collectible insurance which would apply in the absence of this policy.
3. When loss under this policy is subject to a deductible, the Company shall not be liable for more than its pro rata share of such loss in excess of the deductible amount.

G. NO BENEFIT TO BAILEE: This insurance shall in no wise inure directly or indirectly to the benefit of any carrier or other bailee for hire.

H. LOSS PAYABLE CLAUSE: Loss if any, shall be adjusted with the named insured and shall be payable to him unless other payee is specifically named hereunder.

I. REPORT TO POLICE: When either a loss or occurrence takes place, the insured shall give notice thereof to the proper police authority if loss or occurrence is due to a violation of a law.

THE FOLLOWING PROVISIONS APPLY TO SECTION II

A. MODIFICATION OF TERMS: Provisions on Page 2, other than those pertaining to waiver, cancellation and concealment and fraud, do not apply.

B. FINANCIAL RESPONSIBILITY LAWS: When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, such insurance as is afforded by this policy for bodily injury liability or for property damage liability shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law. The insured agrees to reimburse the Company for any payment made by the Company which it would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

C. PREMIUM: All premiums for this insurance shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein.

Premium designated in this policy as "provisional premium" is a deposit premium only which shall be credited to the amount of the earned premium due at the end of the policy period. At the close of each annual period (or part thereof terminating with the end of the policy period), the earned premium shall be computed for such period and, upon notice thereof to the named insured, shall become due and payable. If the total earned premium for the policy period is less than the premium previously paid, the Company shall return to the named insured the unearned portion paid by the named insured.

The named insured shall maintain records of such information as is necessary for premium computation, and shall send copies of such records to the Company at the end of the policy period and at such times during the policy period as the Company may direct.

D. INSURED'S DUTIES IN THE EVENT OF OCCURRENCE, CLAIM OR SUIT:

1. In the event of an occurrence, written notice containing particulars sufficient to identify the insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the insured to the Company or any of its authorized agents as soon as practicable.
2. If claim is made or suit is brought against the insured, the insured shall immediately forward to the Company every demand, notice, summons or other process received by him or his representative.
3. The insured shall cooperate with the Company and, upon the Company's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the insured because of injury or damage with respect to which insurance is afforded under this policy; and the insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident.

E. MEDICAL REPORTS, PROOF AND PAYMENT OF CLAIM — COVERAGE D: As soon as practicable the injured person or someone on his behalf shall give to the Company written proof of claim for medical expense, under oath if required, and shall, after each request from the Company, execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Company when and as often as the Company may reasonably require. The Company may pay the injured person or any person or organization rendering the services and the payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute an admission of liability of any person or, except hereunder, of the Company.

F. OTHER INSURANCE: This insurance is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Company's liability under this policy shall not be reduced by the existence of such other insurance.

When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the Company shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

1. **Contribution by Equal Shares:** If all of such other valid and collectible insurance provides for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.
2. **Contribution by Limits:** If any of such other insurance does not provide for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

G. ACTION AGAINST COMPANY: No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, nor until the amount of the insured's obligation to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the insured, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Company as a party to any action against the insured to determine the insured's liability, nor shall the Company be impleaded by the insured or his legal representative. Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the Company of any of its obligations hereunder.

H. NUCLEAR EXCLUSION:

1. This policy does not apply:
 - a. Under any Liability Coverage, to bodily injury or property damage
 - (1) with respect to which an insured under this policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) resulting from the hazardous properties of nuclear material and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - b. Under any Medical Payments Coverage, or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
 - c. Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if
 - (1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (b) has been discharged or dispersed therefrom;
 - (2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - (3) the bodily injury or property damage arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property thereat.
2. As used in this provision: "hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or byproduct material; "source material", "special nuclear material", and "byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "waste" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph a. or b. thereof; "nuclear facility" means
 - a. any nuclear reactor,
 - b. any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
 - c. any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
 - d. any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,
 and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material; "property damage" includes all forms of radioactive contamination of property.

DEFINITIONS — SECTION II

When used in the provisions applicable to Section II of this policy (including endorsements forming a part hereof):

"automobile" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads (including any machinery or apparatus attached thereto), but does not include mobile equipment;

"bodily injury" means bodily injury, sickness or disease sustained by any person which occurs during the policy period, including death at any time resulting therefrom;

"completed operations hazard" includes bodily injury and property damage arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or property damage occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the named insured. "Operations" include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

- (1) when all operations to be performed by or on behalf of the named insured under the contract have been completed,
- (2) when all operations to be performed by or on behalf of the named insured at the site of the operations have been completed, or
- (3) when the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

The completed operations hazard does not include bodily injury or property damage arising out of (1) operations in connection with the transportation of property, unless the bodily injury or property damage arises out of a condition in or on a vehicle created by the loading or unloading thereof, (2) the existence of tools, uninstalled equipment or abandoned or unused materials, or (3) operations for which the classification stated in the policy or in the Company's manual specifies "including completed operations";

"elevator" means any hoisting or lowering device to connect floors or landings, whether or not in service, and all appliances thereof including any car, platform, shaft, hoistway, stairway, runway, power equipment and machinery; but does not include an automobile servicing hoist, or a hoist without a platform outside a building if without mechanical power or if not attached to building walls, or a hod or material hoist used in alteration, construction or demolition operations, or an inclined conveyor used exclusively for carrying property or a dumbwaiter used exclusively for carrying property and having a compartment height not exceeding four feet;

"incidental contract" means any written (1) lease of premises, (2) easement agreement, except in connection with construction or demolition operations on or adjacent to a railroad, (3) undertaking to indemnify a municipality required by municipal ordinance, except in connection with work for the municipality, (4) sidetrack agreement, or (5) elevator maintenance agreement;

"insured" means any person or organization qualifying as an insured in the "Persons Insured" provision of the applicable insurance coverage. The insurance afforded applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the Company's liability;

"insured premises" means (1) the premises designated in the Declarations, (2) premises alienated by the named insured (other than premises constructed for sale by the named insured), if possession has been relinquished to others, and (3) premises as to which the named insured acquires ownership or control and reports his intention to insure such premises under this policy and no other within 30 days after such acquisition; and includes the ways immediately adjoining such premises on land;

"medical expenses" means expenses for necessary medical, surgical, x-ray and dental services, including prosthetic devices and necessary ambulance, hospital, professional nursing and funeral services;

"mobile equipment" means a land vehicle (including any machinery or apparatus attached thereto), whether or not self-propelled, (1) not subject to motor vehicle registration, or (2) maintained for use exclusively on premises owned by or rented to the named insured, including the ways immediately adjoining, or (3) designed for use principally off public roads, or (4) designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle: power cranes, shovels, loaders, diggers and drills; concrete mixers (other than the mix-in-transit type); graders, scrapers, rollers and other road construction or repair equipment; air-compressors, pumps and generators, including spraying, welding and building cleaning equipment; and geophysical exploration and well servicing equipment;

"named insured" means the person or organization named in Item 1 of the Declarations of this policy;

"named insured's products" means goods or products manufactured, sold, handled or distributed by the named insured or by others trading under his name, including any container thereof (other than a vehicle), but "named insured's products" shall not include a vending machine or any property other than such container, rented to or located for use of others but not sold;

"occurrence" means an accident, including continuous or repeated exposure to conditions, which results in bodily injury or property damage neither expected nor intended from the standpoint of the insured;

"products hazard" includes bodily injury and property damage arising out of the named insured's products or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or property damage occurs away from premises owned by or rented to the named insured and after physical possession of such products has been relinquished to others;

"property damage" means (1) physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use thereof at any time resulting therefrom, or (2) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an occurrence during the policy period.

AMENDATORY ENDORSEMENT

This Endorsement, effective **03/22/2004** at 12:01 A.M. standard time forms a part of Policy No. **RM 126366**
issued to **P & C Grocer's, Inc.**

Endorsement No. **1** AP **\$0.00** RP **\$0.00** Producer: **ALLIED UNDERWRITING, INC.**

Code: **1758**

IT IS AGREED THAT THE POLICY IS AMENDED AS INDICATED: Protective Safeguards

Form RP0014(9,87), Protective Safeguards Endorsement, is amended as follows:

Location # 1 – Clause D, Para. 1 as shown is deleted.

Added - Para. 1 Approved automatic extinguishing system protecting the cooking equipment, hoods and ducts.

Para. 2 Service contract, with an independent contractor to service the hoods, ducts and automatic fire suppression system, service checks at least once every six months.

JJM/ems
04/26/2004



Authorized Representative

P & C 000005

COMPANY

AMENDATORY ENDORSEMENT

This Endorsement, effective **07/16/2004** at 12:01 A.M. standard time forms a part of Policy No. **RM 126366**
issued to **P & C Grocer's, Inc.**

Endorsement No. **2** AP **\$3,522.00** RP **\$0.00** Producer: **ALLIED UNDERWRITING, INC.**

Code: **1758**

IT IS AGREED THAT THE POLICY IS AMENDED AS INDICATED: **Location of Premises Insured**

Location # 7 is added to this policy as follows:

7) **640 Bellwood Road, Enterprise, AL 36330**

Limits -	Building	\$100,000. per MP0013 80% Coinsurance / Replacement Cost per RRC-1
	Personal Property	\$185,000. per MP0014 80% Coinsurance / Replacement Cost per RRC-1
	Deductible	\$2,500. per MP0331
	General Liability	\$1,000,000./\$2,000,000./\$1,000,000. per RAL-3

Form RP0014(9,87), Protective Safeguards Endorsement, is amended to include:

Location # 7 Clauses applicable D, E

D. In consideration of the rate and premium charged, it is understood and agreed there is no commercial cooking done at the premises insured.

Central station signalling burglar alarm system.

Form L6395a(1,73), Comprehensive General Liability Insurance, is amended to include:

<u>Premises Operations</u>	<u>code #</u>	<u>Premium Bases</u>
Grocery Store	54131	a) 2,224

All other existing terms and conditions shall apply.

JJM/ems
07/20/2004



Authorized Representative

COMPANY

P & C 000006

AMENDATORY ENDORSEMENT

This Endorsement, effective **08/06/2004** at 12:01 A.M. standard time forms a part of Policy No. **RM 126366**
issued to **P & C Grocer's, Inc.**

Endorsement No. **3 AP \$0.00 RP \$3,222.00** Producer: **ALLIED UNDERWRITING, INC.**

Code: **1758**

IT IS AGREED THAT THE POLICY IS AMENDED AS INDICATED: Location of Premises Insured

The following location is deleted from this policy:

- 7) 640 Bellwood Road, Enterprise, AL 36330

JJM/ems
08/26/2004



Authorized Representative

COMPANY

P & C 000007

AMENDATORY ENDORSEMENT

This Endorsement, effective **08/06/2004** at 12:01 A.M. standard time forms a part of Policy No. **RM 126366**
issued to **P & C Grocer's, Inc.**

Endorsement No. **4** AP **\$3,222.00** RP **\$0.00** Producer: **ALLIED UNDERWRITING, INC.**

Code: **1758**

IT IS AGREED THAT THE POLICY IS AMENDED AS INDICATED: **Location of Premises Insured**

Endorsement # 3 is considered Null and Void.

JJM/ems
10/11/2004



Authorized Representative

COMPANY

P & C 000008

AMENDATORY ENDORSEMENT

This Endorsement, effective **09/30/2004** at 12:01 A.M. standard time forms a part of Policy No. **RM 126366**
issued to **P & C Grocer's, Inc.**

Endorsement No. **5 AP \$0.00 RP \$0.00** Producer: **ALLIED UNDERWRITING, INC.**

Code: **1758**

IT IS AGREED THAT THE POLICY IS AMENDED AS INDICATED: **Mortgagee**

With regard to Location # 7, 640 Bellwood Road, Enterprise, AL)

Subject to all other terms and conditions of this policy, loss, if any, under this policy shall be payable to the insured and The Citizens Bank, P. O. Box 310900, Enterprise, AL 36331-0900, Loan # 5645859, as their interests may appear.

JJM/ems
10/11/2004



Authorized Representative

COMPANY

P & C 000009

AMENDATORY ENDORSEMENT

This Endorsement, effective **11/30/2004** at 12:01 A.M. standard time forms a part of Policy No. **RM-126366-00** issued to P & C Grocer's, Inc.

Endorsement No. **6 AP** **\$0.00** ~~RP \$1,585.00~~ Producer: **ALLIED UNDERWRITING, INC.**

Code: **1758**

IT IS AGREED THAT THE POLICY IS AMENDED AS INDICATED: Location of Premises Insured

The following location is deleted from this policy:

- 7) 640 Bellwood Road, Enterprise, AL 36330

2/3/2005

COMPANY



P & C 000010

P & C Grocer's, Inc.
 136 East Reynolds
 Ozark, AL 36360

REGIS

INSURANCE COMPANY

Item 2: Policy Term
 From: 03/22/04 To: 03/22/05
 12:01 A.M. Standard Time at Location of Property Described

Item 3: The Named Insured is:
 A Corporation

DECLARATIONS - PART B

Item 4: Location of Premises: See MP 1205 Occupancy of Premises:

Item 5: Insurance is provided with respect to those premises described above and with respect to those coverages and kinds of property for which a specific limit of liability is shown, subject to all the terms of this policy including forms and endorsements made a part hereof.

SECTION I - PROPERTY COVERAGE							
LIMIT OF LIABILITY				COINSURANCE PERCENTAGE APPLICABLE			
Loc No.	Bldg No.	Loc No.	Bldg No.	Loc No.	Bldg No.	Loc No.	Bldg No.
See MP 1205							

SECTION II - LIABILITY COVERAGE			
LIMIT OF LIABILITY		COVERAGE	
See RAL3/NAL1 each occurrence	See RAL3/NAL1 aggregate each accident	C. Bodily Injury and Property Damage Liability	
See GL 0404 each person		D. Premises Medical Payments	

Item 6: Forms and Endorsements made part of this Policy at time of issue:

MP0013(10,83), MP0014(10,83), MP0090(7,77), MP0127(4,86), MP0301(7,77), MP0331(12,79), MP1205(7,77), L6395a (1,73), GL0019 (7,78), GL0032(4,84), GL0404(5,81), GL9906(7,66), CE1(10,93), CG 2175 (12,02), IL 0961 (11,02), MOL-AL-1 (8-03), NAL1(3,94), PH-1 (10,95), RAB3(12,99), RAL-3(9,97), RCL1(6,95), RCL1(1,94), RDE1(11,93), REE-1(11,93), RE-2(8,95), RE-3(8,95), RL114(12,86), RPDAL1 (9,00), RP0014(9,87), RRC1(1,94), RSMH-1(4,94), RTC7(9,92), RTC17(12,92), SB01(6,98), SBS01(6,98)

Item 7: Mortgagees:

NONE

Item 8: The Total Provisional Premium is:

\$31,364.00

Producer: ALLIED UNDERWRITING, INC.

1758


 AUTHORIZED SIGNATURE

In Consideration of the Provisions and Stipulations Herein or Added Hereto and of the Premium Above Specified (or specified in endorsement attached hereto), this Company, for the term of up to three years from inception date shown above (12:01AM STANDARD TIME) to expiration date shown above (12:01AM STANDARD TIME) at location of property involved, to an amount not exceeding the limit of liability specified, does insure the insured named in the Declarations above and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND OTHER PERILS INSURED AGAINST IN THIS POLICY INCLUDING REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described herein while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere. ASSIGNMENT OF THIS POLICY SHALL NOT BE VALID EXCEPT WITH THE WRITTEN CONSENT OF THIS COMPANY. This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

THIS DECLARATIONS PAGE, WITH "POLICY PROVISIONS - PART A", FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THE ABOVE NUMBERED POLICY.

COMPANY

P & C 000011

1 **Concealment.** This entire policy shall be void, whether
2 **fraud.** before or after a loss, the insured has wil-
3 fully concealed or misrepresented any ma-
4 terial fact or circumstance concerning this insurance or the
5 subject thereof, or the interest of the insured therein, or in case
6 of any fraud or false swearing by the insured relating thereto.
7 **Uninsurable.** This policy shall not cover accounts, bills,
8 and currency, deeds, evidences of debt, money or
9 excepted property. securities; nor, unless specifically named
10 hereon in writing, bullion or manuscripts.
11 **Perils not** This Company shall not be liable for loss by
12 **included.** fire or other perils insured against in this
13 policy caused, directly or indirectly, by: (a)
14 enemy attack by armed forces, including action taken by mili-
15 tary, naval or air forces in resisting an actual or an immediately
16 impending enemy attack; (b) invasion; (c) insurrection; (d)
17 rebellion; (e) revolution; (f) civil war; (g) usurped power; (h)
18 order of any civil authority except acts of destruction at the time
19 of and for the purpose of preventing the spread of fire, provided
20 that such fire did not originate from any of the perils excluded
21 by this policy; (i) neglect of the insured to use all reasonable
22 means to save and preserve the property at and after a loss, or
23 when the property is endangered by fire in neighboring prem-
24 ises; (j) nor shall this Company be liable for loss by theft.
25 **Other insurance.** Other insurance may be prohibited or the
26 amount of insurance may be limited by en-
27 dorsement attached hereto.
28 **Conditions suspending or restricting insurance.** Unless other-
29 wise provided in writing added hereto this Company shall not
30 be liable for loss occurring
31 (a) while the hazard is increased by any means within the con-
32 trol or knowledge of the insured; or
33 (b) while a described building, whether intended for occupancy
34 by owner or tenant, is vacant or unoccupied beyond a period of
35 sixty consecutive days; or
36 (c) as a result of explosion or riot, unless fire ensue, and in
37 that event for loss by fire only.
38 **Other perils** Any other peril to be insured against or sub-
39 **or subjects.** ject of insurance to be covered in this policy
40 shall be by endorsement in writing hereon or
41 added hereto.
42 **Added provisions.** The extent of the application of insurance
43 under this policy and of the contribution to
44 be made by this Company in case of loss, and any other pro-
45 vision or agreement not inconsistent with the provisions of this
46 policy, may be provided for in writing added hereto, but no pro-
47 vision may be waived except such as by the terms of this policy
48 is subject to change.
49 **Waiver** No permission affecting this insurance shall
50 **provisions.** exist, or waiver of any provision be valid,
51 unless granted herein or expressed in writing
52 added hereto. No provision, stipulation or forfeiture shall be
53 held to be waived by any requirement or proceeding on the part
54 of this Company relating to appraisal or to any examination
55 provided for herein.
56 **Cancellation** This policy shall be cancelled at any time
57 **of policy.** at the request of the insured, in which case
58 this Company shall, upon demand and sur-
59 render of this policy, refund the excess of paid premium above
60 the customary short rates for the expired time. This pol-
61 icy may be cancelled at any time by this Company by giving
62 to the insured a five days' written notice of cancellation with
63 or without tender of the excess of paid premium above the pro-
64 rata premium for the expired time, which excess, if not ten-
65 dered, shall be refunded on demand. Notice of cancellation shall
66 state that said excess premium (if not tendered) will be re-
67 funded on demand.
68 **Mortgagee** If loss hereunder is made payable, in whole
69 **interests and** or in part, to a designated mortgagee not
70 **obligations.** named herein as the insured, such interest in
71 this policy may be cancelled by giving to such
72 mortgagee a ten days' written notice of can-
73 cellation.
74 If the insured fails to render proof of loss such mortgagee, upon
75 notice, shall render proof of loss in the form herein specified
76 within sixty (60) days thereafter and shall be subject to the pro-
77 visions hereof relating to appraisal and time of payment and of
78 bringing suit. If this Company shall claim that no liability ex-
79 isted as to the mortgagor or owner, it shall, to the extent of pay-
80 ment of loss to the mortgagee, be subrogated to all the mort-
81 gagee's rights of recovery, but without impairing mortgagee's
82 right to sue; or it may pay off the mortgage debt and require
83 an assignment thereof and of the mortgage. Other provisions

84 relating to the interests and obligations of such mortgagee may
85 be added hereto by agreement in writing.
86 **Pro rata liability.** This Company shall not be liable for a greater
87 proportion of any loss than the amount
88 hereby insured shall bear to the whole insurance covering the
89 property against the peril involved, whether collectible or not.
90 **Requirements in** The insured shall give immediate written
91 **case loss occurs.** notice to this Company of any loss, protect
92 the property from further damage, forthwith
93 separate the damaged and undamaged personal property, put
94 it in the best possible order, furnish a complete inventory of
95 the destroyed, damaged and undamaged property, showing in
96 detail quantities, costs, actual cash value and amount of loss
97 claimed; and within sixty days after the loss, unless such time
98 is extended in writing by this Company, the insured shall render
99 to this Company a proof of loss, signed and sworn to by the
100 insured, stating the knowledge and belief of the insured as to
101 the following: the time and origin of the loss, the interest of the
102 insured and of all others in the property, the actual cash value of
103 each item thereof and the amount of loss thereto, all encum-
104 brances thereon, all other contracts of insurance, whether valid
105 or not, covering any of said property, any changes in the title,
106 use, occupation, location, possession or exposures of said prop-
107 erty since the issuing of this policy, by whom and for what
108 purpose any building herein described and the several parts
109 thereof were occupied at the time of loss and whether or not it
110 then stood on leased ground, and shall furnish a copy of all the
111 descriptions and schedules in all policies and, if required, verified
112 plans and specifications of any building, fixtures or machinery
113 destroyed or damaged. The insured, as often as may be reason-
114 ably required, shall exhibit to any person designated by this
115 Company all that remains of any property herein described, and
116 submit to examinations under oath by any person named by this
117 Company, and subscribe the same; and, as often as may be
118 reasonably required, shall produce for examination all books of
119 account, bills, invoices and other vouchers, or certified copies
120 thereof if originals be lost, at such reasonable time and place as
121 may be designated by this Company or its representative, and
122 shall permit extracts and copies thereof to be made.
123 **Appraisal.** In case the insured and this Company shall
124 fail to agree as to the actual cash value or
125 the amount of loss, then, on the written demand of either, each
126 shall select a competent and disinterested appraiser and notify
127 the other of the appraiser selected within twenty days of such
128 demand. The appraisers shall first select a competent and dis-
129 interested umpire; and failing for fifteen days to agree upon
130 such umpire, then, on request of the insured or this Company,
131 such umpire shall be selected by a judge of a court of record in
132 the state in which the property covered is located. The ap-
133 praisers shall then appraise the loss, stating separately actual
134 cash value and loss to each item; and, failing to agree, shall
135 submit their differences, only, to the umpire. An award in writ-
136 ing, so itemized, of any two when filed with this Company shall
137 determine the amount of actual cash value and loss. Each
138 appraiser shall be paid by the party selecting him and the ex-
139 penses of appraisal and umpire shall be paid by the parties
140 equally.
141 **Company's** It shall be optional with this Company to
142 **options.** take all, or any part, of the property at the
143 agreed or appraised value, and also to re-
144 pair, rebuild or replace the property destroyed or damaged with
145 other of like kind and quality within a reasonable time, on giv-
146 ing notice of its intention so to do within thirty days after the
147 receipt of the proof of loss herein required.
148 **Abandonment.** There can be no abandonment to this Com-
149 pany of any property.
150 **When loss** The amount of loss for which this Company
151 **payable.** may be liable shall be payable sixty days
152 after proof of loss, as herein provided, is
153 received by this Company and ascertainment of the loss is made
154 either by agreement between the insured and this Company ex-
155 pressed in writing or by the filing with this Company of an
156 award as herein provided.
157 **Suit.** No suit or action on this policy for the recov-
158 ery of any claim shall be sustainable in any
159 court of law or equity unless all the requirements of this policy
160 shall have been complied with, and unless commenced within
161 twelve months next after inception of the loss.
162 **Subrogation.** This Company may require from the insured
163 an assignment of all right of recovery against
164 any party for loss to the extent that payment therefor is made
165 by this Company.

[Signature]
President

**SUPPLEMENTAL DECLARATION ENDORSEMENT****MP 12 05**
(Ed. 0777)

Designation of premises, as stated in the Declarations, is extended to include the following and insurance is provided with respect to those premises described below and with respect to those coverages and kinds of property for which a specific limit of liability is shown, subject to all the terms of this policy including forms and endorsements made a part hereof:

Loc. No.	Bldg. No.	DESIGNATED PREMISES (Address, City, State)	OCCUPANCY	COVERAGE	SECTION I		
					Forms and Endorsements Applicable	Coinsurance Percentage Applicable	Limits of Liability (\$)
1	1	12935 Cottonwood Road Cottonwood, AL 36320	Grocery Store	Building Contents	MP0013 MP0014	80% 80%	\$100,000 \$185,000
2	1	7681 East State Highway 52 Webb, AL 36376	Grocery Store	Building Contents	MP0013 MP0014	80% 80%	\$160,000 \$185,000
3	1	2437 East Cottonwood Road Dothan, AL 36301	Grocery Store	Building Contents	MP0013 MP0014	80% 80%	\$160,000 \$185,000
4	1	19 King Street Newton, AL 36352	Grocery Store	Building Contents	MP0013 MP0014	80% 80%	\$100,000 \$185,000
5	1	Highway 52 Eunola, AL 36340	Grocery Store	Building Contents	MP0013 MP0014	80% 80%	\$100,000 \$185,000
6	1	601 North 6th Avenue Floral, AL 36442	Grocery Store	Building Contents	MP0013 MP0014	80% 80%	\$100,000 \$185,000

P & C 000013

COMPREHENSIVE GENERAL LIABILITY INSURANCE

For attachment to Policy No. RM126366, to complete said policy.

ADDITIONAL DECLARATIONS

P & C 000014

Location of all premises owned by, rented to or controlled by the named insured (ENTER "SAME" IF SAME LOCATION AS ADDRESS SHOWN IN ITEM 1 OF DECLARATIONS)

As per item 4 of dec page

Interest of named insured (CHECK BELOW)

☒ OWNER ☐ GENERAL LESSOR ☐ TENANT ☐ Other _____

Part occupied by named insured (ENTER BELOW)

The following discloses all hazards insured hereunder known to exist at the effective date of the policy, unless otherwise stated herein.

SCHEDULE

The insurance afforded is only with respect to such of the following Coverages as are indicated by specific premium charge or charges. The limit of the company's liability against each such Coverage shall be as stated herein, subject to all the terms of this policy having reference thereto.

Coverages	Limits of Liability		Advanced Premiums
	each occurrence	aggregate	
A-Bodily Injury Liability	See RAL3/NAL1	See RAL3/NAL1	Incl.
B-Property Damage Liability	See RAL3/NAL1	See RAL3/NAL1	Incl.
Form numbers of endorsements attached at issue			Total Advanced Premium Incl.

General Liability Hazards

Description of Hazards	Code No.	Premium Bases	Rates		Advanced Premiums	
			B.I.	P.D.	Bodily Injury	Property Damage
Premises - Operations						
Grocery Store	54131	a) 2,224	Incl.	Incl.	Incl.	Incl.
Grocery Store	54131	a) 3,042	Incl.	Incl.	Incl.	Incl.
Grocery Store	54131	a) 2,224	Incl.	Incl.	Incl.	Incl.
Grocery Store	54131	a) 2,224	Incl.	Incl.	Incl.	Incl.
Grocery Store	54131	a) 2,224	Incl.	Incl.	Incl.	Incl.
Grocery Store	54131	a) 2,224	Incl.	Incl.	Incl.	Incl.
		(a) Area (Sq. Ft.) (b) Frontage (c) Remuneration (d) Receipts (e) Units (f) Admissions	(a) Per 100 Sq. Ft. of Area (b) Per Linear Foot (c) Per \$100 of Remuneration (d) Per \$100 of Receipts (e) Per Unit (f) Per 100 Admissions			
Escalators (Number at Premises)		Number Insured	Per Landing			
Independent Contractors		Cost	Per \$100 of Cost			
Completed Operations		(a) Receipts	(a) Per \$1,000 of Receipts			
Products		(b) Sales	(b) Per \$1,000 of Sales			
Grocery Store	54131	\$ 2,550,000	Incl.	Incl.	Incl.	Incl.
Gas Sales	39982	\$ 2,400,000	Incl.	Incl.	Incl.	Incl.
Total Advanced B.I. and P.D. Premiums			Incl.		Incl.	Incl.

When used as a premium basis:

- "admissions" means the total number of persons, other than employees of the named insured, admitted to the event insured or to events conducted on the premises whether on paid admission tickets, complimentary tickets or passes;
- "cost" means the total cost to the named insured with respect to operations performed for the named insured during the policy period by independent contractors of all work let or sub-let in connection with each specific project, including the cost of all labor, materials and equipment furnished, used or delivered for use in the execution of such work, whether furnished by the owner, contractor or subcontractor, including all fees, allowances, bonuses or commissions made, paid or due;
- "receipts" means the gross amount of money charged by the named insured for such operations by the named insured or by others during the policy period as are rated on a receipts basis other than receipts from telecasting, broadcasting or motion pictures, and include taxes, other than taxes which the named insured collects as a separate item and remits directly to a governmental division;
- "remuneration" means the entire remuneration earned during the policy period by proprietors and by all employees of the named insured, other than chauffeurs (except operators of mobile equipment) and aircraft pilots and co-pilots, subject to any overtime earnings or limitations or remuneration rule applicable in accordance with the manuals in use by the company;
- "sales" means the gross amount of money charged by the named insured or by others trading under his name for all goods and products sold or distributed during the policy period and charged during the policy period for installation, servicing or repair, and include taxes, other than taxes which the named insured and such others collect as a separate item and remit directly to a governmental division.

(over)

I. COVERAGE A—BODILY INJURY LIABILITY

COVERAGE B—PROPERTY DAMAGE LIABILITY

The company will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of

A. bodily injury or

B. property damage

to which this insurance applies, caused by an occurrence, and the company shall have the right and duty to defend any suit against the insured seeking damages on account of such bodily injury or property damage, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply:

- (a) to liability assumed by the insured under any contract or agreement except an incidental contract; but this exclusion does not apply to a warranty of fitness or quality of the named insured's products or a warranty that work performed by or on behalf of the named insured will be done in a workmanlike manner;
- (b) to bodily injury or property damage arising out of the ownership, maintenance, operation, use, loading or unloading of
 - (1) any automobile or aircraft owned or operated by or rented or loaned to any insured, or
 - (2) any other automobile or aircraft operated by any person in the course of his employment by any insured;
 but this exclusion does not apply to the parking of an automobile on premises owned by, rented to or controlled by the named insured or the ways immediately adjoining, if such automobile is not owned by or rented or loaned to any insured;
- (c) to bodily injury or property damage arising out of (1) the ownership, maintenance, operation, use, loading or unloading of any mobile equipment while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;
- (d) to bodily injury or property damage arising out of and in the course of the transportation of mobile equipment by an automobile owned or operated by or rented or loaned to any insured;
- (e) to bodily injury or property damage arising out of the ownership, maintenance, operation, use, loading or unloading of
 - (1) any watercraft owned or operated by or rented or loaned to any insured, or
 - (2) any other watercraft operated by any person in the course of his employment by any insured;
 but this exclusion does not apply to watercraft while ashore on premises owned by, rented to or controlled by the named insured;
- (f) to bodily injury or property damage arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;
- (g) to bodily injury or property damage due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to
 - (1) liability assumed by the insured under an incidental contract, or
 - (2) expenses for first aid under the Supplementary Payments provision;
- (h) to bodily injury or property damage for which the insured or his indemnitee may be held liable
 - (1) as a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or
 - (2) if not so engaged, as an owner or lessor of premises used for such purposes, if such liability is imposed
 - (i) by, or because of the violation of, any statute, ordinance or regulation pertaining to the sale, gift, distribution or use of any alcoholic beverage, or
 - (ii) by reason of the selling, serving or giving of any alcoholic beverage to a minor or to a person under the influence of alcohol or which causes or contributes to the intoxication of any person;
 but part (i) of this exclusion does not apply with respect to liability of the insured or his indemnitee as an owner or lessor described in (2) above;
- (i) to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;
- (j) to bodily injury to any employee of the insured arising out of and in the course of his employment by the insured or to any obligation of the insured to indemnify another because of damages arising out of such injury; but this exclusion does not apply to liability assumed by the insured under an incidental contract;
- (k) to property damage to
 - (1) property owned or occupied by or rented to the insured,
 - (2) property used by the insured, or
 - (3) property in the care, custody or control of the insured or as to which the insured is for any purpose exercising physical control;
 but parts (2) and (3) of this exclusion do not apply with respect to liability under a written sidetrack agreement and part (3) of this exclusion does not apply with respect to property damage (other than to elevators) arising out of the use of an elevator at premises owned by, rented to or controlled by the named insured;
- (l) to property damage to premises alienated by the named insured arising out of such premises or any part thereof;
- (m) to loss of use of tangible property which has not been physically injured or destroyed resulting from
 - (1) a delay in or lack of performance by or on behalf of the named insured of any contract or agreement, or
 - (2) the failure of the named insured's products or work performed by or on behalf of the named insured to meet the level of performance, quality, fitness or durability warranted or represented by the named insured;
 but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the named insured's products or work performed by or on behalf of the

named insured after such products or work have been put to use by any person or organization other than an insured;

- (n) to property damage to the named insured's products arising out of such products or any part of such products;
- (o) to property damage to work performed by or on behalf of the named insured arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith;
- (p) to damages claimed for the withdrawal, inspection, repair, replacement, or loss of use of the named insured's products or work completed by or for the named insured or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein;
- (q) to property damage included within:
 - (1) the explosion hazard in connection with operations identified in this policy by a classification code number which includes the symbol "x",
 - (2) the collapse hazard in connection with operations identified in this policy by a classification code number which includes the symbol "c",
 - (3) the underground property damage hazard in connection with operations identified in this policy by a classification code number which includes the symbol "u".

II. PERSONS INSURED

Each of the following is an insured under this insurance to the extent set forth below:

- (a) if the named insured is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the named insured with respect to the conduct of such a business;
- (b) if the named insured is designated in the declarations as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;
- (c) if the named insured is designated in the declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such;
- (d) any person (other than an employee of the named insured) or organization while acting as real estate manager for the named insured; and
- (e) with respect to the operation, for the purpose of locomotion upon a public highway, of mobile equipment registered under any motor vehicle registration law,
- (f) an employee of the named insured while operating any such equipment in the course of his employment, and
- (g) any other person while operating with the permission of the named insured any such equipment registered in the name of the named insured and any person or organization legally responsible for such operation, but only if there is no other valid and collectible insurance available, either on a primary or excess basis, to such person or organization; provided that no person or organization shall be an insured under this paragraph (g) with respect to:
 - (1) bodily injury to any fellow employee of such person injured in the course of his employment, or
 - (2) property damage to property owned by, rented to, in charge of or occupied by the named insured or the employer of any person described in sub-paragraph (ii).

This insurance does not apply to bodily injury or property damage arising out of the conduct of any partnership or joint venture of which the insured is a partner or member and which is not designated in this policy as a named insured.

III. LIMITS OF LIABILITY

Regardless of the number of (1) insureds under this policy, (2) persons or organizations who sustain bodily injury or property damage, or (3) claims made or suits brought on account of bodily injury or property damage, the company's liability is limited as follows:

Coverage A—The total liability of the company for all damages, including damages for care and loss of services, because of bodily injury sustained by one or more persons as the result of any one occurrence shall not exceed the limit of bodily injury liability stated in the schedule as applicable to "each occurrence".

Subject to the above provision respecting "each occurrence", the total liability of the company for all damages because of (1) all bodily injury included within the completed operations hazard and (2) all bodily injury included within the products hazard shall not exceed the limit of bodily injury liability stated in the schedule as "aggregate".

Coverage B—The total liability of the company for all damages because of all property damage sustained by one or more persons or organizations as the result of any one occurrence shall not exceed the limit of property damage liability stated in the schedule as applicable to "each occurrence".

Subject to the above provision respecting "each occurrence", the total liability of the company for all damages because of all property damage to which this coverage applies and described in any of the numbered subparagraphs below shall not exceed the limit of property damage liability stated in the schedule as "aggregate":

- (1) all property damage arising out of premises or operations rated on a remuneration basis or contractor's equipment rated on a receipts basis, including property damage for which liability is assumed under any incidental contract relating to such premises or operations, but excluding property damage included in subparagraph (2) below;
- (2) all property damage arising out of and occurring in the course of operations performed for the named insured by independent contractors and general supervision thereof by the named insured, including any such property damage for which liability is assumed under any incidental contract relating to such operations, but this subparagraph (2) does not include property damage arising out of maintenance or repairs at premises owned by or rented to the named insured or structural alterations at such premises which do not involve changing the size of or moving buildings or other structures;
- (3) all property damage included within the products hazard and all property damage included within the completed operations hazard.

Such aggregate limit shall apply separately to the property damage described in subparagraphs (1), (2) and (3) above, and under subparagraphs (1) and (2), separately with respect to each project away from premises owned by or rented to the named insured.

Coverages A and B—For the purpose of determining the limit of the company's liability, all bodily injury and property damage arising out of the continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one occurrence.

IV. POLICY TERRITORY

This insurance applies only to bodily injury or property damage which occurs within the policy territory.

ALABAMA AMENDATORY ENDORSEMENT**I. The following are exceptions to the Deductible Clause contained in the Policy Conditions Applicable to Section I, SMP Policy Conditions and Definitions Form:****A. No deductible is applicable to the perils of fire and lightning with respect to coverage under Special Multi-Peril Policy; General Building Form, General Personal Property Form and Builders' Risk Completed Value Form.**

When this policy is extended to include the perils of windstorm and hailstorm, smoke, explosion, riot, riot attending a strike or civil commotion, aircraft or vehicles and vandalism or malicious mischief, the following deductible shall apply:

The sum of \$50.00 shall be deducted from the amount of loss to property in any one occurrence resulting from the perils insured against.

This deductible shall apply separately to each building (including personal property therein) separately to personal property in each building if no coverage is provided on the containing building and separately to personal property in the open (including within vehicles). The aggregate amount of this deductible in any one occurrence shall not exceed \$1,000.

This deductible shall not apply to insurance covering Business Interruption, Tuition Fees, Extra Expense, Rent or Rental Value, or Leasehold Interest.

This deductible shall not supersede any other deductible of more than \$100.

B. No deductible is applicable to the perils of fire and lightning with respect to coverage under Special Multi-Peril Policy: Special Building Form, Special Personal Property Form and Special Builders' Risk Completed Value Form.

When this policy is extended to include the perils of windstorm and hailstorm, smoke, explosion, riot, riot attending a strike or civil commotion, aircraft or vehicles, the following deductible shall apply:

The sum of \$50.00 shall be deducted from the amount of loss to property in any one occurrence resulting from the perils insured against.

This deductible shall apply separately to each building (including personal property therein), separately to personal property in each building if no coverage is provided on the containing building, and separately to personal property in the open (including within vehicles). The aggregate amount of this deductible in any one occurrence shall not exceed \$1,000.

This deductible shall not apply to insurance covering Business Interruption, Tuition Fees, Extra Expense, Rent or Rental Value or Leasehold Interest.

This deductible shall not supersede any other deductible of more than \$100.

II. The Loss Clause found in the Conditions Applicable to Section 1, No. 21, is replaced by the following:

Unearned Premium Clause: If a loss is paid under this policy, the named Insured shall be indemnified for loss of the pro rata unearned premium on the amount of such loss payment; however, the Company may elect by written notice within 60 days after time of loss to reinstate this policy in the amount of such loss and, in consideration of such reinstatement, make no payment to the named insured as otherwise provided by this clause.

This Endorsement must be attached to Change Endorsement when Issued after the Policy is written.

SMP DEDUCTIBLE ENDORSEMENT**MP 03 31**
(Ed. 12 79)

In consideration of the premium, the provisions of this deductible endorsement apply at the location number and building number to insurance afforded under Building(s) and Personal Property of the Insured of Section I of this Policy only when designated by an "X" in the box(es) (X) in the Schedule of this endorsement.

SCHEDULE

Item	Designated Property	Loc No.	Bldg No.	Deductible Amount
	<input checked="" type="checkbox"/> Building(s)			
1	<input checked="" type="checkbox"/> Personal Property Of the Insured	1	1	\$ 2500
	<input checked="" type="checkbox"/> Building(s)			
2	<input checked="" type="checkbox"/> Personal Property Of the Insured	2	1	\$ 2500
	<input checked="" type="checkbox"/> Building(s)			
3	<input checked="" type="checkbox"/> Personal Property Of the Insured	3	1	\$ 2500
	<input checked="" type="checkbox"/> Building(s)			
4	<input checked="" type="checkbox"/> Personal Property Of the Insured	4	1	\$ 2500
	<input checked="" type="checkbox"/> Building(s)			
5	<input checked="" type="checkbox"/> Personal Property Of the Insured	5	1	\$ 2500
	<input checked="" type="checkbox"/> Building(s)			
6	<input checked="" type="checkbox"/> Personal Property Of the Insured	6	1	\$ 2500

1. The Company shall be liable for loss to property designated in any item of the Schedule of this endorsement at the location shown for such property, only when the whole loss to such property exceeds the "Deductible Amount" specified in said Schedule and then only for the amount of such excess. In the event there is other insurance (whether collectible or not) covering the property (or which would have covered the property except for the existence of this insurance) against the peril(s) which caused the loss, the conditions applicable to Contributing Insurance and Specific Insurance under Condition 8, Other Insurance of the provisions applicable to Section I of this policy shall apply.
2. The "whole loss" as used herein is defined as the amount which would be recoverable under this policy and any other contributing insurance (whether collectible or not) covering the property (or which would have covered the property except for the existence of this insurance) against the peril(s) which caused the loss in any one occurrence, disregarding this deductible endorsement and any other deductible provisions in this policy or in such other insurance policies.
3. The provisions of this deductible endorsement shall apply separately to each item of the Schedule of this endorsement.
4. The provisions of this deductible endorsement shall not apply to any loss by earthquake or volcanic eruption, if such perils are insured against by this policy.

This Endorsement must be attached to Change Endorsement when issued after the Policy is written.



GL 00 32
(Ed. 4-84)

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.
(The following information is required only when this endorsement is issued subsequent to preparation of policy.)

Endorsement Effective: 03/22/2004 Policy No: RM-126366

Endorsement No:

Named Insured: P & C Grocer's, Inc.

Additional Premium \$ Inc _____

AUTHORIZED SIGNATURE

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:

COMPREHENSIVE GENERAL LIABILITY INSURANCE
MANUFACTURERS AID CONTRACTORS LIABILITY INSURANCE
OWNERS, LANDLORDS AND TENANTS LIABILITY INSURANCE
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY INSURANCE
STOREKEEPERS INSURANCE
SMP LIABILITY INSURANCE

Amendatory Endorsement

It is agreed that the exclusion relating to bodily injury to any employee of the insured is deleted and replaced by the following:

This insurance does not apply:

- (I) to bodily injury to any employee of the insured arising out of and in the course of his employment by the insured for which the insured may be held liable as an employer or in any other capacity;
- (II) to any obligation of the insured to indemnify or contribute with another because of damages arising out of the bodily injury; or
- (III) to bodily injury sustained by the spouse, child, parent, brother or sister of an employee of the insured as a consequence of bodily injury to such employee arising out of and in the course of his employment by the insured;

This exclusion applies to all claims and suits by any person or organization for damages because of such bodily injury including damages for care and loss of services.

This exclusion does not apply to liability assumed by the insured under an incidental contract.

P & C 000019



This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.
(The following information is required only when this endorsement is issued subsequent to preparation of policy.)

Endorsement effective 3/22/04 Policy No. RM 126366 Endorsement No.
Named Insured P & C Grocer's, Inc.

Countersigned by _____
(Authorized Representative)

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:

COMPREHENSIVE GENERAL LIABILITY INSURANCE

BROAD FORM COMPREHENSIVE GENERAL LIABILITY ENDORSEMENT

Schedule

Personal Injury and Advertising Injury Liability
Aggregate Limit shall be the per occurrence bodily injury liability limit unless otherwise indicated herein:
Limit of Liability \$ _____ Aggregate.

Limit of Liability—Premises Medical Payments Coverage: \$1,000 each person unless otherwise indicated herein:
\$ _____ each person.

Limit of Liability—Fire Legal Liability Coverage: \$50,000 per occurrence unless otherwise indicated herein:
\$ _____ per occurrence.

Premium Basis	Advance Premium
_____ % of the Total Comprehensive General Liability Bodily Injury and Property Damage Premium as Otherwise Determined.	\$ _____
MINIMUM PREMIUM \$	

L. CONTRACTUAL LIABILITY COVERAGE

(A) The definition of incidental contract is extended to include any oral or written contract or agreement relating to the conduct of the named insured's business.

(B) The insurance afforded with respect to liability assumed under an incidental contract is subject to the following additional exclusions:

- (1) to bodily injury or property damage for which the insured has assumed liability under any incidental contract, if such injury or damage occurred prior to the execution of the incidental contract;
- (2) if the insured is an architect, engineer or surveyor, to bodily injury or property damage arising out of the rendering of or the failure to render professional services by such insured, including

- (a) the preparation or approval of maps, drawings, opinions, reports, surveys, change orders, designs or specifications, and
- (b) supervisory, inspection or engineering services;

- (3) if the indemnitee of the insured is an architect, engineer or surveyor, to the liability of the indemnitee, his agents or employees, arising out of

- (a) the preparation or approval of or the failure to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications, or

(b) the giving of or the failure to give directions or instructions by the indemnitee, his agents or employees, provided such giving or failure to give is the primary cause of the bodily injury or property damage;

- (4) to any obligation for which the insured may be held liable in an action on a contract by a third party beneficiary for bodily injury or property damage arising out of a project for a public authority; but this exclusion does not apply to an action by the public authority or any other person or organization engaged in the project;

- (5) to bodily injury or property damage arising out of construction or demolition operations, within 50 feet of any railroad property, and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing; but this exclusion does not apply to sidetrack agreements.

(C) The following exclusions applicable to Coverages A (Bodily Injury) and B (Property Damage) do not apply to this Contractual Liability Coverage: (b), (c) (2), (d) and (e).

(D) The following additional condition applies:

Arbitration

The company shall be entitled to exercise all of the insured's rights in the choice of arbitrators and in the conduct of any arbitration proceeding.

II. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY COVERAGE

(A) The company will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of personal injury or advertising injury to which this insurance applies, sustained by any person or organization and arising out of the conduct of the named insured's business, within the policy territory, and the company shall have the right and duty to defend any suit against the insured seeking damages on account of such injury, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

(B) This insurance does not apply:

- (1) to liability assumed by the insured under any contract or agreement;
- (2) to personal injury or advertising injury arising out of the willful violation of a penal statute or ordinance committed by or with the knowledge or consent of the insured;
- (3) to personal injury or advertising injury arising out of a publication or utterance of a libel or slander, or a publication or utterance in violation of an individual's right of privacy, if the first injurious publication or utterance of the same or similar material by or on behalf of the named insured was made prior to the effective date of this insurance;
- (4) to personal injury or advertising injury arising out of libel or slander or the publication or utterance of defamatory or disparaging material concerning any person or organization or goods, products or services, or in violation of an individual's right of privacy, made by or at the direction of the insured with knowledge of the falsity thereof;
- (5) to personal injury or advertising injury arising out of the conduct of any partnership or joint venture of which the insured is a partner or member and which is not designated in the declarations of the policy as a named insured;
- (6) to advertising injury arising out of
 - (a) failure of performance of contract, but this exclusion does not apply to the unauthorized appropriation of ideas based upon alleged breach of implied contract, or
 - (b) infringement of trademark, service mark or trade name, other than titles or slogans, by use thereof on or in connection with goods, products or services sold, offered for sale or advertised, or
 - (c) incorrect description or mistake in advertised price of goods, products or services sold, offered for sale or advertised;
- (7) with respect to advertising injury
 - (a) to any insured in the business of advertising, broadcasting, publishing or telecasting, or
 - (b) to any injury arising out of any act committed by the insured with actual malice.

(C) Limits of Liability

Regardless of the number of (1) insureds hereunder, (2) persons or organizations who sustain injury or damage, or (3) claims made or suits brought on account of personal injury or advertising injury, the total limit of the company's liability under this coverage for all damages shall not exceed the limit of liability stated in this endorsement as "aggregate".

(D) Additional Definitions

"Advertising Injury" means injury arising out of an offense committed during the policy period occurring in the course of the named insured's advertising activities, if such injury arises out of libel, slander, defamation, violation of right of privacy, piracy, unfair competition, or infringement of copyright, title or slogan.

"Personal Injury" means injury arising out of one or more of the following offenses committed during the policy period:

- (1) false arrest, detention, imprisonment, or malicious prosecution;

(2) wrongful entry or eviction or other invasion of the right of private occupancy;

(3) a publication or utterance

(a) of a libel or slander or other defamatory or disparaging material, or

(b) in violation of an individual's right of privacy; except publications or utterances in the course of or related to advertising, broadcasting, publishing or telecasting activities conducted by or on behalf of the named insured shall not be deemed personal injury.

III. PREMISES MEDICAL PAYMENTS COVERAGE

The company will pay to or for each person who sustains bodily injury caused by accident all reasonable medical expense incurred within one year from the date of the accident on account of such bodily injury, provided such bodily injury arises out of (a) a condition in the insured premises, or (b) operations with respect to which the named insured is afforded coverage for bodily injury liability under the policy.

This insurance does not apply:

(A) to bodily injury

(1) arising out of the ownership, maintenance, operation, use, loading or unloading of

(a) any automobile or aircraft owned or operated by or rented or loaned to any insured, or

(b) any other automobile or aircraft operated by any person in the course of his employment by any insured;

but this exclusion does not apply to the parking of an automobile on the insured premises, if such automobile is not owned by or rented or loaned to any insured;

(2) arising out of

(a) the ownership, maintenance, operation, use, loading or unloading of any mobile equipment while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity, or

(b) the operation or use of any snowmobile or trailer designed for use therewith;

(i) owned or operated by or rented or loaned to any insured, or

(ii) operated by any person in the course of his employment by any insured;

(3) arising out of the ownership, maintenance, operation, use, loading or unloading of

(a) any watercraft owned or operated by or rented or loaned to any insured, or

(b) any other watercraft operated by any person in the course of his employment by any insured;

but this exclusion does not apply to watercraft while ashore on the insured premises;

(4) arising out of and in the course of the transportation of mobile equipment by an automobile owned or operated by or rented or loaned to the named insured;

(B) to bodily injury

(1) included within the completed operations hazard or the products hazard;

(2) arising out of operations performed for the named insured by independent contractors other than

(a) maintenance and repair of the insured premises, or

(b) structural alterations at such premises which do not involve changing the size of or moving buildings or other structures;

(3) resulting from the selling, serving or giving of any alcoholic beverage

(a) in violation of any statute, ordinance or regulation,

(b) to a minor,

(c) to a person under the influence of alcohol, or

(d) which causes or contributes to the intoxication of any person,

if the named insured is a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or if not so engaged, is an owner or lessor of premises used for such purposes, but only part (a) of this exclusion (B) (3) applies when the named insured is such an owner or lessor;

(4) due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or condition incident to any of the foregoing;

(C) to bodily injury

(1) to the named insured, any partner thereof, any tenant or other person regularly residing on the insured premises or any employee of any of the foregoing if the bodily injury arises out of and in the course of his employment therewith;

(2) to any other tenant if the bodily injury occurs on that part of the insured premises rented from the named insured or to any employee of such a tenant if the bodily injury occurs on the tenant's part of the insured premises and arises out of and in the course of his employment for the tenant;

(3) to any person while engaged in maintenance and repair of the insured premises or alteration, demolition or new construction at such premises;

(4) to any person if any benefits for such bodily injury are payable or required to be provided under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(5) to any person practicing, instructing or participating in any physical training, sport, athletic activity or contest whether on a formal or informal basis;

(6) if the named insured is a club, to any member of the named insured;

(7) if the named insured is a hotel, motel, or tourist court, to any guest of the named insured;

(D) to any medical expense for services by the named insured, any employee thereof or any person or organization under contract to the named insured to provide such services.

LIMITS OF LIABILITY

The limit of liability for Premises Medical Payments Coverage is \$1,000 each person unless otherwise stated in the schedule of this endorsement. The limit of liability applicable to "each person" is the limit of the company's liability for all medical expense for bodily injury to any one person as the result of any one accident; but subject to the above provision respecting "each person", the total liability of the company under Premises Medical Payments Coverage for all medical expense for bodily injury to two or more persons as the result of any one accident shall not exceed the limit of bodily injury liability stated in the policy as applicable to "each occurrence".

When more than one medical payments coverage afforded by the policy applies to the loss, the company shall not be liable for more than the amount of the highest applicable limit of liability.

ADDITIONAL DEFINITIONS

When used herein:

"insured premises" means all premises owned by or rented to the named insured with respect to which the named insured is afforded coverage for bodily injury liability under this policy, and includes the ways immediately adjoining on land;

"medical expense" means expenses for necessary medical, surgical, x-ray and dental services, including prosthetic devices, and necessary ambulance, hospital, professional nursing and funeral services.

ADDITIONAL CONDITION

Medical Reports; Proof and Payment of Claim

As soon as practicable the injured person or someone on his behalf shall give to the company written proof of claim, under oath if required, and shall, after each request from the company, execute authorization to enable the company to obtain medical reports and copies of records. The injured

person shall submit to physical examination by physicians selected by the company when and as often as the company may reasonably require. The company may pay the injured person or any person or organization rendering the services and the payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute an admission of liability of any person or, except hereunder, of the company.

IV. HOST LIQUOR LAW LIABILITY COVERAGE

Exclusion (h) does not apply with respect to liability of the insured or his indemnitee arising out of the giving or serving of alcoholic beverages at functions incidental to the named insured's business, provided the named insured is not engaged in the business of manufacturing, distributing, selling or serving of alcoholic beverages.

V. FIRE LEGAL LIABILITY COVERAGE—REAL PROPERTY

With respect to property damage to structures or portions thereof rented to or leased to the named insured, including fixtures permanently attached thereto, if such property damage arises out of fire

(A) All of the exclusions of the policy, other than the Nuclear Energy Liability Exclusion (Broad Form), are deleted and replaced by the following:

This insurance does not apply to liability assumed by the insured under any contract or agreement.

(B) The limit of property damage liability as respects this Fire Legal Liability Coverage—Real Property is \$50,000 each occurrence unless otherwise stated in the schedule of this endorsement.

(C) The Fire Legal Liability Coverage—Real Property shall be excess insurance over any valid and collectible property insurance (including any deductible portion thereof), available to the insured, such as, but not limited to, Fire, Extended Coverage, Builder's Risk Coverage or Installation Risk Coverage, and the Other Insurance Condition of the policy is amended accordingly.

VI. BROAD FORM PROPERTY DAMAGE LIABILITY COVERAGE (Including Completed Operations)

The insurance for property damage liability applies, subject to the following additional provisions:

(A) Exclusions (k) and (o) are replaced by the following:

(1) to property owned or occupied by or rented to the insured, or, except with respect to the use of elevators, to property held by the insured for sale or entrusted to the insured for storage or safekeeping;

(2) except with respect to liability under a written sidetrack agreement or the use of elevators

(a) to property while on premises owned by or rented to the insured for the purpose of having operations performed on such property by or on behalf of the insured,

(b) to tools or equipment while being used by the insured in performing his operations,

(c) to property in the custody of the insured which is to be installed, erected or used in construction by the insured,

(d) to that particular part of any property, not on premises owned by or rented to the insured,

(i) upon which operations are being performed by or on behalf of the insured at the time of the property damage arising out of such operations, or

(ii) out of which any property damage arises, or

(iii) the restoration, repair or replacement of which has been made or is necessary by reason of faulty workmanship thereon by or on behalf of the insured;

(3) with respect to the completed operations hazard and with respect to any classification stated in the policy or in the company's manual as "including completed operations", to property damage to work performed by the named insured arising out of such work or any portion thereof, or out of such materials, parts or equipment furnished in connection therewith.

(B) The Broad Form Property Damage Liability Coverage shall be excess insurance over any valid and collectible property insurance (including

any deductible portion thereof) available to the insured, such as, but not limited to, Fire, Extended Coverage, Builder's Risk Coverage or Installation Risk Coverage, and the Other Insurance Condition of the policy is amended accordingly.

VII. INCIDENTAL MEDICAL MALPRACTICE LIABILITY COVERAGE

The definition of bodily injury is amended to include Incidental Medical Malpractice Injury.

Incidental Medical Malpractice Injury means injury arising out of the rendering of or failure to render, during the policy period, the following services:

- (A) medical, surgical, dental, x-ray or nursing service or treatment or the furnishing of food or beverages in connection therewith; or
- (B) the furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances.

This coverage does not apply to:

- (1) expenses incurred by the insured for first-aid to others at the time of an accident and the "Supplementary Payments" provision and the "Insured's Duties in the Event of Occurrence, Claim or Suit" Condition are amended accordingly;
- (2) any insured engaged in the business or occupation of providing any of the services described under VII (A) and (B) above;
- (3) injury caused by any indemnitee if such indemnitee is engaged in the business or occupation of providing any of the services described under VII (A) and (B) above.

VIII. NON-OWNED WATERCRAFT LIABILITY COVERAGE (under 26 feet in length)

Exclusion (e) does not apply to any watercraft under 26 feet in length provided such watercraft is neither owned by the named insured nor being used to carry persons or property for a charge.

Where the insured is, irrespective of this coverage, covered or protected against any loss or claim which would otherwise have been paid by the company under this endorsement, there shall be no contribution or participation by this company on the basis of excess, contributing, deficiency, concurrent, or double insurance or otherwise.

IX. LIMITED WORLDWIDE LIABILITY COVERAGE

The definition of policy territory is amended to include the following:

- (4) Anywhere in the world with respect to bodily injury, property damage, personal injury or advertising injury arising out of the activities of any insured permanently domiciled in the United States of America though temporarily outside the United States of America, its territories and possessions or Canada, provided the original suit for damages because of any such injury or damage is brought within the United States of America, its territories or possessions or Canada.

Such insurance as is afforded by paragraph (4) above shall not apply:

- (a) to bodily injury or property damage included within the completed operations hazard or the products hazard;
- (b) to Premises Medical Payments Coverage.

X. ADDITIONAL PERSONS INSURED

As respects bodily injury, property damage and personal injury and advertising injury coverages, under the provision "Persons Insured", the following are added as insureds:

- (A) Spouse—Partnership—If the named insured is a partnership, the spouse of a partner but only with respect to the conduct of the business of the named insured;
- (B) Employee—Any employee (other than executive officers) of the named insured while acting within the scope of his duties as such, but the insurance afforded to such employee does not apply:

- (1) to bodily injury or personal injury to another employee of the named insured arising out of or in the course of his employment;
- (2) to personal injury or advertising injury to the named insured or, if the named insured is a partnership or joint venture, any partner or member thereof, or the spouse of any of the foregoing;
- (3) to property damage to property owned, occupied or used by, rented to, in the care, custody or control of or over which physical control is being exercised for any purpose by another employee of the named insured, or by the named insured or, if the named insured is a partnership or joint venture, by any partner or member thereof or by the spouse of any of the foregoing.

XI. EXTENDED BODILY INJURY COVERAGE

The definition of occurrence includes any intentional act by or at the direction of the insured which results in bodily injury, if such injury arises solely from the use of reasonable force for the purpose of protecting persons or property.

XII. AUTOMATIC COVERAGE—NEWLY ACQUIRED ORGANIZATIONS (90 DAYS)

The word insured shall include as named insured any organization which is acquired or formed by the named insured and over which the named insured maintains ownership or majority interest, other than a joint venture, provided this insurance does not apply to bodily injury, property damage, personal injury or advertising injury with respect to which such new organization under this policy is also an insured under any other similar liability or indemnity policy or would be an insured under any such policy but for exhaustion of its limits of liability. The insurance afforded hereby shall terminate 90 days from the date any such organization is acquired or formed by the named insured.

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

LIABILITY

GL 99 06 (Ed. 07 66)
G 611
PRODUCTS HAZARD REDEFINED

L9194
(Ed.7.66)

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:
COMPREHENSIVE GENERAL LIABILITY INSURANCE
COMPLETED OPERATIONS AND PRODUCTS LIABILITY INSURANCE

This endorsement, effective 03/22/2004 12:01 A.M. standard time ,forms a part of policy No. RM126366

issued to P & C Grocer's, Inc.

by

AUTHORIZED SIGNATURE

Description of Premises and Operations:

It is agreed that with respect to **bodily injury** or **property damage** arising out of the **named insured's products** manufactured, sold, handled or distributed

(1) on, from or in connection with the use of any premises described in this endorsement, or

(2) in connection with the conduct of any operation described in this endorsement, when conducted by or on behalf of the named insured, the definition of **"products hazard"** is amended to read as follows:

"products hazard" includes **bodily injury** and **property damage** arising out of (a) the **named insured's products** or (b) reliance upon a representation or warranty made with respect thereto; but only if the **bodily injury** or **property damage** occurs after physical possession of such products has been relinquished to others."

REGIS INSURANCE COMPANY

CE 1(10.93)

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless stated otherwise herein.

(The following information is required only when this endorsement is issued subsequent to the preparation of the policy.)

This endorsement, effective 03/22/2004 12:01 A.M. standard time

forms a part of policy No. RM126366

issued to P & C Grocer's, Inc.

CO-OPERATION ENDORSEMENT

In consideration of the premium charged for this insurance, it is understood and agreed that the policy to which this endorsement is attached is amended and modified as follows:

The Insured shall cooperate with the Company in every respect in the investigation of any claim made by the Insured or any other person as to the nature or circumstances surrounding the cause of the claim or the amount of loss payable hereunder. Said cooperation shall include permission to allow the Company or its representatives to enter upon the Insured's premises and permit them to proceed without any delay or interference on the part of the Insured or others to inspect, photograph and inquire into every aspect of the claim so that a final determination can be made by the Company as to whether the claim is covered by the provisions of this policy and, if so, the amount of loss payable hereunder.

P & C 000025

REGIS INSURANCE COMPANY

MOL-AL-1 (8-03)

This endorsement, effective 3/22/04 at 12:01 A.M. standard time, forms a part of
Policy No.:

RM 126366

Issued to: - P & C Grocer's, Inc.

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

FUNGUS, BACTERIA, OR WET OR DRY ROT EXCLUSION

This endorsement changes insurance provided under the following:

ALL PARTS OF THE POLICY

This insurance does not apply to:

1. Bodily injury or property damage arising out of, resulting from, caused or contributed to by fungus, bacteria, wet or dry rot or any other condition effecting the quality of air: or
2. The cost of abatement, mitigation, removal or disposal of fungus, bacteria, wet or dry rot or other condition effecting the quality of air.
3. Ensuing loss which arises out of, results from, or is caused or contributed to by fungus, bacteria, wet or dry rot or any other condition effecting the quality of air.

This exclusion Also includes:

- a. Any supervision, instructions, recommendations, warnings, or advice given or which should have been given in connection with the above; and
- b. Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

REGIS INSURANCE COMPANY

NAL-1(3-94)

LIMITS OF LIABILITY

(NO ACCUMULATION OF LIMITS OF LIABILITY)

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:

**COMPREHENSIVE GENERAL LIABILITY INSURANCE
COMPLETED OPERATIONS AND PRODUCTS LIABILITY INSURANCE
CONTRACTUAL LIABILITY INSURANCE
MANUFACTURERS' AND CONTRACTORS' LIABILITY INSURANCE
OWNERS' AND CONTRACTORS' PROTECTIVE LIABILITY INSURANCE
OWNERS', LANDLORDS' AND TENANTS' LIABILITY INSURANCE
LIQUOR LIABILITY INSURANCE**

This endorsement, effective 03/22/2004

12:01 A.M. Standard Time

forms a part of Policy No. RM126366

issued to: P & C Grocer's, Inc.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED ELSEWHERE IN THIS POLICY, IT IS AGREED THAT IN THE EVENT THAT ANY CLAIM OR CLAIMS ARISING OUT OF AN OCCURRENCE OR A COMMON CAUSE IS (ARE) COVERED BY MORE THAN ONE OF THE COVERAGE PARTS OF THIS POLICY AS SET FORTH ABOVE, THE LIMIT OF LIABILITY APPLICABLE TO SUCH CLAIM OR CLAIMS UNDER ALL OF THE APPLICABLE COVERAGE PARTS SHALL BE ONLY THE SINGLE HIGHEST LIMIT OF LIABILITY SET FORTH IN ANY OF THE APPLICABLE COVERAGE PARTS AS THERE SHALL BE NO ACCUMULATION OR ADDING TOGETHER OF THE LIMITS OF LIABILITY OF THE APPLICABLE COVERAGE PARTS.

P & C 000027

REGIS INSURANCE COMPANY

PH-1(10-95)

This endorsement, effective 03/22/2004 12:01 A.M. standard time forms a part of policy No. RM126366

issued to P & C Grocer's, Inc.

POLLUTION AND HEALTH HAZARD EXCLUSION

This insurance does not apply to any claim, suit or demand alleging **bodily injury, property damage, personal injury** or other loss, costs or damages (including costs incurred in cleaning up, remedying or detoxifying any contamination) arising wholly or in part, directly or indirectly, from:

- (1) the contamination of the environment by any pollutant that is introduced at any time, anywhere or in any way; or
- (2) a single, continuous, intermittent or repeated exposure to, ingestion of, inhalation of or absorption of any **Health Hazard**.

This exclusion does not apply to **bodily injury, property damage or personal injury** caused by heat, smoke or fumes from a **Hostile Fire** if arising at or from premises owned, rented or occupied by the Insured or any site or location on which the Insured or any contractor or subcontractor working directly or indirectly on the Insured's behalf are performing operations.

The Company has no obligation to investigate or defend any claim, suit or demand to which this insurance does not apply.

As used in the endorsement the following terms shall have the following meanings:

Contamination means any unclean or unsafe or damaging or injurious or unhealthful condition arising out of the presence of any **Pollutant**, whether permanent or transient, in any **Environment**

Electromagnetic Field Radiation means any discharge, emission, release, broadcast or transmission of any form of electromagnetic energy emanating from any power line, communications tower, generating system, electrical equipment or device or any other manmade source

Environment means any natural or manmade structure, animal, crop, vegetation, area of land, body of water, underground water or water table supplies, air or air supply (whether inside or outside of any structure) and any other feature of the earth or its atmosphere, whether or not altered, developed or cultivated, whether or not owned, controlled or occupied by any Insured.

Health Hazard means any chemical, acid, alkali, radioactive material or any other irritant or any **pollutant** or other substance, product or waste product or the fumes or other discharges or effects therefrom, whether liquid, gas or solid, alleged or determined to be toxic or harmful to the health of any person, plant or animal.

Hostile Fire means a fire which becomes uncontrollable or breaks out from where it is intended to be.

Pollutant means any smoke, vapors, soot, **Electromagnetic Field Radiation**, fumes, acids, alkalis, chemicals, liquids, solids, gases, radiation, thermal pollutants, noise or sound of any kind or any other irritant or contaminant.

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless stated otherwise herein.

The following information is required only when this endorsement is issued subsequent to the preparation of the policy.)

This endorsement, effective 03/22/2004 12:01 A.M. standard time

forms a part of policy No. RM126366

issued to P & C Grocer's, Inc.

ASSAULT AND BATTERY EXCLUSION AND COVERAGE DELETION ENDORSEMENT

- I. In consideration of the premium charged for this insurance, it is understood and agreed that the policy to which this endorsement is attached is amended and modified as follows:

Actions and proceedings to recover damages for "bodily injury" or "property damage" or "personal injury" arising, in whole or in part, from the following are excluded from coverage and the Company is under no duty to investigate, defend or to indemnify an insured in any action or proceeding alleging such causes of action and damages:

1. Assault and Battery or any act or omission in connection with the prevention, suppression or results of such acts;
2. Harmful or offensive contact between or among two or more persons;
3. Apprehension of harmful or offensive contact between or among two or more persons; or
4. Threats by words or deeds.
5. This exclusion applies to "bodily injury", "property damage", "personal injury" or any obligation to investigate, defend or indemnify, if such injury, damage or obligation is caused directly or indirectly by any other cause or event that contributes concurrently or in any other sequence to the injury or damage. If injury or damage from a covered occurrence, cause or event occurs, and that injury or damage would not have occurred but for the acts or omissions set forth in paragraphs 1 through 4 above, such injury or damage will be considered to be caused by the acts or omissions set forth in paragraphs 1 through 4 above, and would be excluded from coverage.

This exclusion applies regardless of the degree of culpability or intent and without regard to:

- A. Whether the acts are alleged to be by or at the instruction or at the direction of the insured, his officers, employees, agents or servants; or by any other person lawfully or otherwise on, at or near the premises owned or occupied by the insured; or by any other person;
- B. The alleged failure of the insured or his officers, employees, agents or servants in the hiring, supervision, retention or control of any person, whether or not an officer, employee, agent or servant of the insured;
- C. The alleged failure of the insured or his officers, employees, agents or servants to attempt to prevent, bar or halt any such conduct or to medically treat or obtain such treatment for any injuries or damages sustained.

This exclusion applies as well to any claims by any other person, firm or organization, asserting rights derived from or contingent upon any person asserting a claim excluded under Clauses A, B or C (above); specifically excluding from coverage claims for:

1. Emotional distress or for loss of society, services, consortium and/or income;
2. Reimbursement for expenses (including but not limited to medical expenses, hospital expenses and wages) paid or incurred by such other person, firm or organization;
3. Apprehension of harmful or offensive contact between or among two or more persons; or
4. Threats by words or deeds.
5. Any obligation to share damages with or, repay someone who must pay damages because of the injury.

- II. It is further agreed between the insured and the Company that:

1. If this policy contains the Broad form Comprehensive General Liability Endorsement (GL0404 ED 5-81), paragraph "XI Extended Bodily Injury Coverage", it is deleted from that endorsement and rendered null and void.
2. If this policy contains the Extended Form General Liability Endorsement (REGL-1 6-94), paragraph "XI Extended Bodily Injury Coverage", it is deleted from that endorsement and rendered null and void.

REGIS INSURANCE COMPANY

RAL-3(9-97)

LIMITS OF LIABILITY ENDORSEMENT

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:

COMPREHENSIVE GENERAL LIABILITY INSURANCE
COMPLETED OPERATIONS AND PRODUCTS LIABILITY INSURANCE
CONTRACTUAL LIABILITY INSURANCE,
MANUFACTURERS' AND CONTRACTORS' LIABILITY INSURANCE
OWNERS' AND CONTRACTORS' PROTECTIVE LIABILITY INSURANCE
OWNERS', LANDLORDS' AND TENANTS' LIABILITY INSURANCE

This endorsement, effective 03/22/2004 12:01 A.M. standard time forms

a part of policy No. RM126366

issued to P & C Grocer's, Inc.

by Regis Insurance Company

SCHEDULE**LIMITS OF LIABILITY INSURANCE:**

Each occurrence or Offense Limit	\$1,000,000.
Total Policy Aggregate Limit	\$2,000,000.
Completed Operations and Products Liability, Personal Injury and Advertising Injury Sub-Aggregate Limit	\$1,000,000.

It is agreed that the provisions of the policy captioned **LIMITS OF LIABILITY** relating to **bodily injury liability, property damage liability, personal injury liability and advertising injury liability** (if any), as may be provided under this policy, are amended to read as follows:

LIMITS OF LIABILITY

Regardless of the number of (1) insureds under this policy (2) persons or organizations who sustain **bodily injury, property damage, personal injury or advertising injury**, or (3) claims made or suits brought on account of **bodily injury, property damage, personal injury or advertising injury**, the Company's liability is limited as follows:

Bodily Injury Liability, Property Damage, Personal Injury and Advertising Injury Limit:

(a) The limits of liability stated in the Schedule of this endorsement as applicable to "each occurrence or offense" is the total limit of the Company's liability for all damages because of **bodily injury and property damage** and all **personal injury and advertising injury** sustained by one or more persons or organizations as a result of any one occurrence or offense.

(b) If any aggregate amount is stated in the above Schedule of this endorsement, under "Total Policy Aggregate Limit", the total limits of liability of the Company for all damages including damages subject to the "Completed Operations and Products Liability, **personal injury and advertising injury** Sub-Aggregate Limit" which occurs during the policy period while this policy is in force commencing from its effective date, shall not exceed the limits of liability stated in the Schedule of this endorsement as "Total Policy Aggregate Limit".

(c) If any aggregate amount is stated in the above Schedule of this endorsement under "Completed Operations and Products Liability, **personal injury and advertising injury** Sub-Aggregate Limit" then, subject to the above provision respecting "each occurrence or offense", the total liability of the Company for all damages because of all **bodily injury** or property the products hazard and within the **completed operations hazard** combined and all damages for **personal injury** or advertising injury which occurs during the policy period shall not exceed the limits of liability stated in the Schedule of this endorsement as "Completed Operations and Products Liability, **personal injury and advertising injury** Sub-Aggregate Limit".

(d) For the purpose of determining the limits of the Company's liability, all **bodily injury, property damage, personal injury and advertising injury** arising out of continuous or repeated exposure to substantially the same general condition, shall be considered as arising out of one occurrence or offense.

(e) If this policy and any other policy issued to any insured by the Company apply to the same occurrence, accident, cause of loss, **bodily injury, property damage, personal injury or advertising liability, loss or offense**, the maximum limit of liability under all of the policies shall not exceed the highest limit of liability under any one policy.

REGIS INSURANCE COMPANY

RCL-1(6-95)

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless stated otherwise herein.

(The following information is required only when this endorsement is issued subsequent to the preparation of the policy)

This endorsement, effective 03/22/2004 12:01 A.M. Standard Time

forms a part of Policy No. RM126366

issued to P & C Grocer's, Inc.

CROSS LIABILITY EXCLUSION

This insurance does not apply, for either defense or indemnity, to damages for bodily injury, property damage, personal injury or advertising injury, arising from claims, crossclaims, counterclaims or suits brought by:

1. One "Insured" against another "Insured";
2. Any parent company or parent corporation of any "Insured", or any subsidiary company or subsidiary corporation of any "Insured"
3. Any other company or corporation owned by any of the entities described in 1. or 2. above.
4. Any division or department of any of the entities described in 1., 2., or 3. above.
5. Any officer, director or employee of any of the entities described in 1., 2., 3., or 4. above

REGIS INSURANCE COMPANY

RCLE-1(1-94)

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless otherwise stated herein.

(The following information is required only when this endorsement is issued subsequent to the preparation of the policy.)

This endorsement, effective 03/22/2004 12:01 A.M. standard time

forms a part of policy No. RM126366

issued to P & C Grocer's, Inc.

CLASSIFICATION LIMITATION ENDORSEMENT

In consideration of the premium at which this policy is written, it is agreed that insurance afforded by this policy applies only to the hazards described in the coverage part attached to this policy. No coverage is afforded for any operation or hazard not specifically described.

REGIS INSURANCE COMPANY

RDE-1(11-93)

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless otherwise stated herein.

(The following information is required only when this endorsement is issued subsequent to the preparation of the policy.)

This endorsement, effective 03/22/2004 12:01 A.M. Standard Time
forms a part of Policy No. RM126366
issued to P & C Grocer's, Inc.

DISCRIMINATION EXCLUSION

This policy does not apply, for either defense or indemnification, to any liability, defense costs, fines or damages which arise out of any alleged or actual discrimination of any person or persons based upon, but not limited to, color, creed, gender, race, natural origin, age, handicap, illness, religion or sexual preference.

REGIS INSURANCE COMPANY

REE-1(11-93)

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless stated otherwise herein.

(The following information is required only when this endorsement is issued subsequent to the preparation of the policy.)

This endorsement, effective 03/22/2004 12:01 A.M. standard time forms a part of Policy No. RM126366 issued to P & C Grocer's, Inc.

EMPLOYMENT RELATED PRACTICES EXCLUSION

This policy does not apply for either defense or indemnification to any claim or suit alleging "bodily injury" or "personal injury" or "advertising injury" arising out of the refusal to employ, unlawful discharge or termination of employment, coercion or forceful compulsion, demotion or other reduction in rank or responsibility, reassignment or transfer, discipline or punishment, humiliation, harassment, discrimination on the basis of membership in a protected class or group, evaluation, defamation or any other employment related practices, policies, acts or omissions.

This exclusion applies regardless of whether the "insured" may be held liable as an employer or in any other capacity.

REGIS INSURANCE COMPANY

RE-2(8-95)

This endorsement forms a part of the policy to which it is attached effective on the inception date of the policy unless stated otherwise herein.

(The following information is required only when this endorsement is issued subsequent to the preparation of the policy.)

This endorsement, effective 03/22/2004 12:01 A.M. standard time

forms a part of policy No. RM126366

issued to: P & C Grocer's, Inc.

ENDORSEMENT

In addition to any other rights or remedy available to the Company under this policy, this entire policy shall be void from date of inception as to all parties entitled to make claim hereunder if any Insured has made any material misstatement or misrepresentation in the application for this insurance or has violated any provision of this policy.

REGIS INSURANCE COMPANY

RE-3(8-95)

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless stated otherwise herein.

(The following information is required only when this endorsement is issued subsequent to the preparation of the policy.)

This endorsement, effective 03/22/2004 12:01 A.M. standard time

forms a part of policy No. RM126366

issued to P & C Grocer's, Inc.

ENDORSEMENT

It is hereby agreed by and between the Company and the Insured, that any defense that the Company has to any claim based upon the actions of any Insured, that that defense shall be available to the claim of any other Insured who is covered under the policy.

REGIS INSURANCE COMPANY

This endorsement, effective 03/22/2004 12:01 A.M. standard time
forms a part of policy No. RM126366
issued to P & C Grocer's, Inc.

ASBESTOS HAZARD EXCLUSION ENDORSEMENT

It is agreed that such insurance as is afforded by the policy is
subject to the following additional exclusion:

The company shall have no obligation under this policy:

- 1) to investigate, settle or defend any claim or suit
against any insured alleging actual or threatened
injury or damage of any nature or kind to persons or
property which arises out of or would not have occurred
but for the asbestos hazard; or
- 2) to pay, contribute to or indemnify another for any
damages, judgements, settlements, loss, costs or
expenses that may be awarded or incurred by reason of
any such claims or suit or any such injury or damage,
or in complying with any action authorized by law and
relating to such injury or damage.

As used in this endorsement, "asbestos hazard" means:

- a) an actual exposure or threat of exposure to the harmful
properties of asbestos, or
- b) the presence of asbestos in any place, whether or not
within a building or structure,

"Asbestos" means the mineral in any form. including but not limited
to fibers or dust.

Nothing herein contained shall be held to vary, waive, alter, or extend any of
the terms, conditions, agreements or declarations of the policy, other than as
herein stated.

REGIS INSURANCE COMPANY

RPD-AL-1 (9-00)

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless stated otherwise herein.

(The following information is required only when this endorsement is issued subsequent to the preparation of the policy.)

This endorsement, effective 03/22/2004 12:01 A.M. standard time

forms a part of policy No. RM126366

issued to: P & C Grocer's, Inc.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE PUNITIVE OR EXEMPLARY DAMAGE EXCLUSION

This policy does not apply to and coverage is not provided for Punitive or Exemplary Damages awarded against any insured, or agreed to in advance by any insured, whether such Punitive or Exemplary Damages are imposed as a result of the acts or omissions of any insured or as a result of vicarious liability of any insured. Coverage for Punitive Damages, whether assessed directly or by way of vicarious liability, is specifically excluded.

This exclusion does not apply to punitive damages sought or awarded under the Wrongful Death Statute of the State of Alabama.

Failure to comply with the Protective Safeguard Clauses specified as applicable in the Schedule below shall suspend this insurance in accordance with the Protective Safeguards provisions set forth in this policy of which this endorsement is made a part.

SCHEDULE

Item or Location Number	Building Number	Location (Street, Address, City & State)	Clause(s) Applicable
1	1	12935 Cottonwood Road Cottonwood, AL 36320	D,E
D. In consideration of the rate and premium charged, it is understood and agreed there is no commercial cooking done at the premises insured. Central station signalling burglar alarm system.			
2	1	7681 East State Highway 52 Webb, AL 36376	D,E
D. Para. 1 - Approved automatic extinguishing system protecting the cooking equipment, hoods and ducts. Para. 2 - Service contract, with an independent contractor to service the hoods, ducts and automatic fire suppression system, service checks at least once every six months. Para. 3 - Central station signalling burglar alarm system.			
3	1	2437 East Cottonwood Road Dothan, AL 36301	D,E
D. In consideration of the rate and premium charged, it is understood and agreed there is no commercial cooking done at the premises insured. Central station signalling burglar alarm system.			
4	1	19 King Street Newton, AL 36352	D,E
D. Para. 1 - Approved automatic extinguishing system protecting the cooking equipment, hoods and ducts. Para. 2 - Service contract, with an independent contractor to service the hoods, ducts and automatic fire suppression system, service checks at least once every six months. Para. 3 - Central station signalling burglar alarm system.			
5	1	Highway 52 Eunola, AL 36340	D,E
D. In consideration of the rate and premium charged, it is understood and agreed there is no commercial cooking done at the premises insured. Central station signalling burglar alarm system.			
6	1	601 North 6th Avenue Floral, AL 36442	D,E
D. In consideration of the rate and premium charged, it is understood and agreed there is no commercial cooking done at the premises insured. Central station signalling burglar alarm system.			

(If Clause "D. Other Protective Safeguard Clause(s)" is applicable, describe system.)

A. AUTOMATIC SPRINKLER CLAUSE

In consideration of the premium at which this policy is written, based on the protection of the premises by the sprinkler system, it is a condition of this policy that the insured shall exercise due diligence in maintaining in complete working order all equipment and services pertaining to the operation of the sprinkler system, including supervisory service, which are under the control of the insured. The insured shall give immediate notice to this Company of any impairment in or suspension of the sprinkler system or services (within the knowledge of the insured). No unsprinklered additions or extensions shall be made to the building unless immediate notification is given to this Company. Permission is given in case of break, leakage, freezing conditions or the opening of sprinkler heads, to shut off the water from so much of the sprinkler system as may be imperatively necessary with immediate notification to this Company and the protection restored as promptly as possible.

B. AUTOMATIC FIRE ALARM CLAUSE

In consideration of the premium at which this policy is written, it is a condition of this policy that the entire building is equipped with an

automatic fire alarm connected to a central station or reporting to a public or private fire alarm station and that, the insured shall exercise due diligence in maintaining in complete working order all equipment and services pertaining to the operation of this system which are under the control of the insured and shall give immediate notice of any impairment in or suspension of the automatic fire alarm equipment or service (within the knowledge of the insured) to this Company.

C. WATCHMAN SERVICE CLAUSE

In consideration of the premium at which this policy is written, it is a condition of this policy that the insured shall exercise due diligence in maintaining in complete working order all equipment of the watchman's service at such times as the premises are not in actual operation, insofar as the watchman's service is under the control of the insured and shall give immediate notice of any impairment in or suspension of the watchman's service (within the knowledge of the insured) to this Company.

D. OTHER PROTECTIVE SAFEGUARD CLAUSE(S)

In consideration of the premium at which this policy is written, based on the protection of the premises by the protective safeguard system described above, it is a condition of this policy that, the insured shall exercise due diligence in maintaining in complete working order all equipment and services pertaining to the system which are under the control of the insured and the insured shall give immediate notice of any impairment in or suspension of such equipment or service (within the knowledge of the insured) to this Company.

E. PENALTY CLAUSE

In the event safeguards noted above are negated within the means or knowledge of the insured and loss arising under this policy attributable to the lack of active safeguard, so specified, coverage under this policy shall not apply to such loss

P & C 000039

REGIS INSURANCE COMPANY

RRC-1 (1-94)

REPLACEMENT COST COVERAGE ENDORSEMENT
NO COVERAGE FOR ADDITIONAL COSTS REQUIRED BY BUILDING CODE CHANGES

This endorsement applies only with respect to the premises described in the following Schedule and affords insurance on a replacement cost basis only on the property described below.

SCHEDULE

Location Of Premises
Location No. Building No.

See MP 1205

Locations 1 thru 6

Property Covered on a
Replacement Cost Basis.
(Specify Building or
Personal Property of the Insured
or both)

Building and Personal Property

1. Replacement Cost Clause: The provisions of Section I of this policy applicable to the property described as covered on a replacement cost basis are amended to substitute the term "replacement cost (without deduction for depreciation)" for the term "actual cash value" wherever it appears in this policy, and the Coinsurance Clause of this endorsement supersedes and replaces all other Coinsurance Clauses otherwise applicable, subject in all other respects to the provisions of this endorsement and of Section I of this policy.
2. This policy does not cover the following property on a replacement cost basis:
 - (a) stock (raw, in process or finished) or merchandise, including materials and supplies in connection therewith;
 - (b) property of others;
 - (c) household furniture or residential contents;
 - (d) manuscripts;
 - (e) paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glassware and bric-a-brac, or other articles of art, rarity or antiquity
3. The Company shall not be liable under this endorsement for any loss unless and until the damaged or destroyed property is actually repaired or replaced by the insured with due diligence and dispatch.
4. Coinsurance Clause: This Company shall not be liable for a greater proportion of any loss or damage to the property covered under this policy than the limit of liability under this policy for such property bears to, the amount produced by multiplying the coinsurance percentage applicable (specified in this policy) by the total of (a) the replacement cost (without deduction for depreciation) of that part of said property which is specifically described as covered on a replacement cost basis and (b) the actual cash value of that part of said property which is covered on an actual cash value basis at the time of loss.

In the event that the aggregate claim for any loss is both less than \$10,000. and less than 5% of the limit of liability for all contributing insurance applicable to the property involved at the time such loss occurs, no special inventory or appraisal of the undamaged property shall be required, provided that nothing herein shall be construed to waive application of the first paragraph of this clause.

If insurance under Section I of this policy is divided into separate limits of liability, the foregoing shall apply separately to the property covered under each such limit of liability.

The value of property covered under Extensions of coverage, and the cost of the removal of debris, shall not be considered in the determination of actual cash value or replacement cost when applying the coinsurance Clause.

5. This Company's liability for loss on a replacement cost basis, shall not exceed the smallest of the following amounts:
 - (a) the amount of this policy applicable to the damaged or destroyed property;
 - (b) the replacement cost of the property or any part thereof, identical with such property on the same premises and intended for the same occupancy and use as of the time of the loss, without regard to and excluding any additional costs resulting from enforcement of any federal, state, county or municipal laws, ordinances or building codes regulating construction or repair of damaged buildings;
 - (c) the amount actually and necessarily expended in repairing or replacing said property or any part thereof.
6. The insured may elect to make claim under this policy in accordance with its provisions, disregarding this endorsement; and the insured may make further claim for any additional liability brought about by this endorsement in accordance with its provisions, provided the Company is notified in writing within 180 days after loss of the insured's intent to make such further claim.

P & C 000040

REGIS INSURANCE COMPANY

RSMH-1 (4-94)

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless stated otherwise herein.

This endorsement, effective 03/22/2004 12:01 A.M. Standard Time
forms a part of Policy No. RM126366
issued to P & C Grocer's, Inc.

SEXUAL MOLESTATION AND/OR SEXUAL HARASSMENT EXCLUSION

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS POLICY, NO COVERAGE IS AFFORDED UNDER THIS POLICY FOR EITHER DEFENSE OR INDEMNIFICATION, FOR ANY CLAIM FOR DAMAGES FOR "BODILY INJURY" OR "PERSONAL INJURY" ARISING OUT OF THE ALLEGED AND/OR ACTUAL SEXUAL MOLESTATION AND/OR SEXUAL HARASSMENT OF ANY PERSON. FOR PURPOSES OF THIS EXCLUSION, THE TERMS "SEXUAL MOLESTATION" AND "SEXUAL HARASSMENT" INCLUDE BUT ARE NOT LIMITED TO PHYSICAL ACTS OF A SEXUAL NATURE, ORAL OR WRITTEN COMMUNICATION OF A SEXUAL NATURE AND ORAL OR WRITTEN COMMUNICATION OF A DISPARAGING OR INSULTING SEXUAL NATURE.

THIS EXCLUSION ALSO APPLIES TO CLAIMS FOR DAMAGES THAT RELATE TO, OR ARISE OUT OF, OR ARE BASED ON SUCH SEXUAL MOLESTATION AND/OR SEXUAL ABUSE, SUCH AS, BUT NOT LIMITED TO (1) TERMINATION OF EMPLOYMENT OR RELATIONSHIP AS THE RESULT OF THE SEXUAL MOLESTATION AND/OR SEXUAL HARASSMENT OR RESISTANCE THERETO, (2) THE FAILURE TO INVESTIGATE, SUPERVISE, STOP, RESTRAIN, DISCIPLINE, ADMONISH, OR TERMINATE ANYONE ALLEGED TO BE ENGAGED IN SUCH SEXUAL HARASSMENT AND/OR SEXUAL MOLESTATION OR (3) THE FAILURE TO PROMULGATE AND/OR ENFORCE POLICIES AND RULES RELATIVE TO SEXUAL HARASSMENT AND/OR SEXUAL MOLESTATION.

REGIS INSURANCE COMPANY

R T C 7 (9,92)

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless stated otherwise herein.

(The following information is required only when this endorsement is issued subsequent to the preparation of the policy.)

This endorsement, effective 03/22/2004 12:01 A.M. standard time

forms a part of policy No. RM126366

issued to P & C Grocer's, Inc.

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:

COMPREHENSIVE GENERAL LIABILITY INSURANCE
COMPLETED OPERATIONS AND PRODUCTS LIABILITY INSURANCE
CONTRACTUAL LIABILITY INSURANCE
MANUFACTURERS AND CONTRACTORS LIABILITY INSURANCE
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY INSURANCE
OWNERS, LANDLORDS AND TENANTS LIABILITY INSURANCE
SMP LIABILITY INSURANCE
PERSONAL AND ADVERTISING INJURY LIABILITY INSURANCE
PREMISES MEDICAL PAYMENTS COVERAGE
BROAD FORM COMPREHENSIVE GENERAL LIABILITY ENDORSEMENT

Exclusion - Lead contamination

This endorsement modifies the above Coverage to exclude occurrences at the insured premises which result in:

- a. "Bodily Injury" arising out of the ingestion, inhalation or absorption of lead in any form;
- b. "Property Damage" arising from any form of lead;
- c. "Personal Injury" arising from any form of lead;
- d. "Advertising Injury" - arising from any form of lead;
- e. "Medical Payments" arising from any form of lead;
- f. Any loss, cost or expense arising out of any request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of lead; or
- g. Any loss, cost or expense arising out of any claim or suit by or on behalf of governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of lead.

RTC 17 (12,92)

REGIS INSURANCE COMPANY

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless stated otherwise herein.

(The following information is required only when this endorsement is issued subsequent to the preparation of the policy.)

This endorsement, effective 03/22/2004 12:01 A.M. standard time

forms a part of policy No. RM126366

issued to P & C Grocer's, Inc.

EXCLUSION ENDORSEMENT

It is agreed by and between any insured hereunder that there shall be no coverage under the policy to which this endorsement is attached, for either defense or indemnification, for any claim for bodily injury to any person viewing or practicing for or participating in any activity, contest or exhibition of an athletic or sports nature sponsored by, made available by or promoted by the named insured. The "activity, contest or exhibition" referred to, need not be of an organized league type activity, may be on or off the insured premises, and the bodily injury referred to may occur as a result of the activity, contest or exhibition itself or from any condition of the area or premises on or at which the activity, contest or exhibition is held.

RTC 17 (12,92)

P & C 000043

REGIS INSURANCE COMPANY

SBS 01 (6,98)

This endorsement forms a part of the policy to which it is attached, effective on the inception date of the policy unless stated otherwise herein.

This endorsement, effective 03/22/2004 12:01 A.M. standard time

forms a part of Policy No. RM126366

issued to: P & C Grocer's, Inc.

SYSTEMS BREAKDOWN COVERAGE ENDORSEMENT SCHEDULE

Systems Breakdown Coverage as indicated on the form SB 01 (6,98) is subject to the following Limits of Liability per location:

DEDUCTIBLE \$2,500.

Loc. No.	Bldg. No.	Designated Premises	Occupancy	Property Damage	Limits of Liability
1	1	12935 Cottonwood Road Cottonwood, AL 36320	Grocery Store	Building & Business Personal Property	\$ 285,000.
				Business Personal Property	\$ -0-
				Business Interruption/Extra Expense	\$ Included
2	1	7681 East State Highway 52 Webb, AL 36376	Grocery Store	Building & Business Personal Property	\$ 345,000.
				Business Personal Property	\$ -0-
				Business Interruption/Extra Expense	\$ Included
3	1	2437 East Cottonwood Road Dothan, AL 36301	Grocery Store	Building & Business Personal Property	\$ 345,000.
				Business Personal Property	\$ -0-
				Business Interruption/Extra Expense	\$ Included
4	1	19 King Street Newton, AL 36352	Grocery Store	Building & Business Personal Property	\$ 285,000.
				Business Personal Property	\$ -0-
				Business Interruption/Extra Expense	\$ Included
5	1	Highway 52 Eunola, AL 36340	Grocery Store	Building & Business Personal Property	\$ 285,000.
				Business Personal Property	\$ -0-
				Business Interruption/Extra Expense	\$ Included

Loc. No.	Bldg. No.	Designated Premises	Occupancy	Property Damage	Limits of Liability
6	1	601 North 6th Avenue Florala, AL 36442	Grocery Store	Building & Business Personal Property Business Personal Property Business Interruption/Extra Expense	\$ 285,000. \$ -0- \$ Included
				Building & Business Personal Property Business Personal Property Business Interruption/Extra Expense	\$ \$ \$ Included
				Building & Business Personal Property Business Personal Property Business Interruption/Extra Expense	\$ \$ \$ Included
				Building & Business Personal Property Business Personal Property Business Interruption/Extra Expense	\$ \$ \$ Included
				Building & Business Personal Property Business Personal Property Business Interruption/Extra Expense	\$ \$ \$ Included
				Building & Business Personal Property Business Personal Property Business Interruption/Extra Expense	\$ \$ \$ Included
				Building & Business Personal Property Business Personal Property Business Interruption/Extra Expense	\$ \$ \$ Included
				Building & Business Personal Property Business Personal Property Business Interruption/Extra Expense	\$ \$ \$ Included
				Building & Business Personal Property Business Personal Property Business Interruption/Extra Expense	\$ \$ \$ Included
				Building & Business Personal Property Business Personal Property Business Interruption/Extra Expense	\$ \$ \$ Included

COINSURANCE CONTRACT

**SPECIAL MULTI-PERIL POLICY
SECTION I—SPECIAL BUILDING FORM****I. PROPERTY COVERED**

BUILDING(S): Buildings(s) or structures shall include attached additions and extensions; fixtures; machinery and equipment constituting a permanent part of and pertaining to the service of the building(s); materials and supplies intended for use in construction, alteration or repair of the buildings or structures; yard fixtures; personal property of the

insured used for the maintenance or service of the building(s); including fire extinguishing apparatus, outdoor furniture, floor coverings and appliances for refrigerating, ventilating, cooking, dishwashing and laundering (but not including other personal property in apartments or rooms furnished by the named insured as landlord); all while at the designated premises.

II. ADDITIONAL COVERAGE

COLLAPSE—This policy insures against risk of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

- a. fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism or malicious mischief; breakage of glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this policy;
- b. hidden decay;
- c. hidden insect or vermin damage;
- d. weight of people or personal property;
- e. weight of rain which collects on a roof;
- f. use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Company shall not be liable for loss to the following types of property under items b., c., d., e., and f. unless the loss is a direct result of the collapse of a building:

1. Outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings; gutters and downspouts; yard fixtures;
2. If specifically covered in this policy, outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

This Additional Coverage does not increase the amount(s) of insurance provided in this policy.

III. PROPERTY NOT COVERED

This policy does not cover:

- A. Outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls not constituting a part of a building; walks, roadways and other paved surfaces;
- B. The cost of excavations, grading or filling; foundations of buildings, machinery, boilers or engines whose foundations are below the undersurface of the lowest basement floor, or where there is no basement.

below the surface of the ground; pilings, piers, pipes, flues and drains which are underground; pilings which are below the low water mark.

C. Outdoor signs, whether or not attached to a building or structure.

D. Lawns, outdoor trees, shrubs and plants, except as provided in the Extensions of Coverage.

E. Property which is more specifically covered in whole or in part by this or any other contract of insurance, except for the amount of loss which is in excess of the amount due from such more specific insurance.

IV. PROPERTY SUBJECT TO LIMITATIONS

The following property is subject to these additional limitations:

- A. Plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) are not covered against loss caused by or resulting from freezing while the designated buildings are vacant or unoccupied, unless the insured shall have exercised due diligence with respect to maintaining heat in the buildings or unless such equipment and appliances had been drained and the water supply shut off during such vacancy or unoccupancy.
- B. Steamboilers, steam pipes, steam turbines or steam engines are not covered against loss caused by any condition or occurrence within such boilers, pipes, turbines or engines (except direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox, or combustion chamber, of any fired vessel or within the flues or passages which conduct the gases of combustion therefrom).
- C. Hot water boilers or other equipment for heating water are not covered against loss caused by any condition or occurrence within such boilers or equipment, other than an explosion.
- D. Glass is not covered against loss for more than \$50 per plate, pane, multiple plate, insulating unit, radiant heating panel, jalousie, louver or shutter, nor for more than \$250 in any one occurrence, unless caused by fire, lightning, windstorm, hail, aircraft, vehicles, discharge from fire protection or building service equipment, explosion, riot or civil commotion, and then the Company shall be liable only to the extent that such perils are insured against in this policy.
- E. Fences, pavements, outdoor swimming pools and related equipment, retaining walls, bulkheads, piers, wharves or docks, when covered under this policy, are not covered against loss caused by freezing or

thawing, impact of watercraft, or by the pressure or weight of ice or water whether driven by wind or not.

F. Metal smokestacks and, when outside of buildings, (1) awnings of fabric or slat construction, canopies of fabric or slat construction, including their supports, and (2) radio or television antennas, including their lead-in wiring, masts or towers are not covered against loss caused by ice, snow or sleet, nor by windstorm or hail.

G. The interior of buildings is not covered against loss caused by rain, snow, sand or dust, whether driven by wind or not, unless (1) the buildings shall first sustain an actual damage to roof or walls by the direct action of wind or hail, and then the Company shall be liable for loss to the interior of the buildings as may be caused by rain, snow, sand or dust entering the buildings through openings in the roof or walls made by direct action of wind or hail; or (2) such loss results from fire, lightning, aircraft, vehicles, explosion, riot or civil commotion, vandalism or malicious mischief, and then the Company shall be liable only to the extent that such perils are insured against in this policy.

H. Buildings or structures in process of construction, including materials and supplies therefore, when covered under this policy, are not covered against loss unless caused by fire, lightning, windstorm, hail, aircraft, vehicles, smoke, explosion, riot or civil commotion, vandalism or malicious mischief, and then the Company shall be liable only to the extent that such perils are insured against in this policy.

I. Property undergoing alterations, repairs, installations or servicing is not covered against loss if such loss is directly attributable to the operations or work being performed thereon, unless a peril not excluded by this policy ensues, and then the Company shall be liable for only loss caused by such ensuing peril.

V. EXTENSIONS OF COVERAGE

Except with respect to Extension D. Replacement Cost:

(A) Each of the limits of liability specified for the following Extensions of Coverage applies as an additional amount of insurance.

(B) The Coinsurance Clause shall not apply to loss under the Extensions of Coverage.

The total amount recoverable under the Extensions of Coverage in this form and Extensions of Coverage in any other form made a part of this policy are not cumulative and shall not exceed the largest amount recoverable under any single form made a part of this policy.

When, in accordance with the Other Insurance condition, there is Contributing Insurance, the Company shall not be liable for more than its pro rata share of the limits set forth in the following Extensions of Coverage.

A. Newly Acquired Property: The insured may apply up to 25% of the limit of liability specified for Building(s), but not exceeding \$100,000, to cover direct loss in any one occurrence by a peril not otherwise excluded to the following described property:

1. New buildings and new structures being constructed on the designated premises and intended for similar occupancy when not otherwise covered by insurance. This coverage shall cease 30 days from the date construction begins or on the date the values of new construction are reported to the Company, or on the expiration date of the policy, whichever occurs first.

2. Buildings acquired by the insured at any location, elsewhere than at the designated premises, within the territorial limits of this policy and used for similar occupancies or warehouse purposes. This coverage shall cease 30 days from the date of such acquisition or on the date values of the buildings are reported to the Company, or on the expiration date of the policy, whichever occurs first.

Additional premium shall be due and payable for values so reported from the date construction begins or the property is acquired.

B. Off-Premises: The insured may apply up to 2% of the limits of liability specified for Building(s), but not exceeding \$5,000, at a described location to cover direct loss in any one occurrence by a peril not otherwise excluded to property covered under Building(s) while removed

from designated premises for purposes of cleaning, repairing, reconstruction or restoration. This Extension of Coverage shall not apply to property in transit, nor to property on any premises owned, leased, operated or controlled by the insured.

C. Outdoor Trees, Shrubs and Plants: The insured may apply up to \$1,000 to cover outdoor trees, shrubs and plants at the designated premises against direct loss in any one occurrence by the perils of fire, lightning, explosion, riot, civil commotion or aircraft, but only to the extent such perils are insured against herein. The Company shall not be liable for more than \$250 on any one tree, shrub or plant, including expense incurred for removing debris thereof.

D. Replacement Cost: In the event of loss to a building structure covered under this policy, when the full cost of repair or replacement is less than \$1,000, the coverage of this policy is extended to cover the full cost of repair or replacement (without deduction for depreciation). Coverage shall be applicable only to a building structure covered hereunder, but excluding outdoor furniture, outdoor equipment, floor coverings, awnings, and appliances for refrigerating, ventilating, cooking, dishwashing and laundering, all whether permanently attached to the building structure or not.

The Company shall not be liable under this Extension of Coverage unless the whole amount of insurance applicable to the building structure for which claim is made is equal to or in excess of the amount produced by multiplying the co-insurance percentage applicable (specified in the Declarations) by the actual cash value of such property at the time of the loss.

VI. PERILS INSURED AGAINST

This policy insures against risks of direct physical loss unless the loss is excluded in VII. Exclusions below, subject to the provisions and stipulations herein and in the policy of which this form is made a part.

VII. EXCLUSIONS

1. This policy does not insure against loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

A. Loss occasioned directly or indirectly by enforcement of any ordinance or law regulating the use, construction, repair or demolition of buildings or structures including debris removal expense.

B. Loss caused directly or indirectly by the interruption of power or other utility service furnished to the designated premises if the interruption takes place away from the designated premises. If a peril insured against ensues on the designated premises, this Company will pay only for loss caused by the ensuing peril.

C. Loss caused by, resulting from, contributed to or aggravated by any of the following:

1. earth movement, including but not limited to earthquake, landslide, mudflow, earth sinking, earth rising or shifting;
2. flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind, or not;
3. water which backs up through sewers or drains; or
4. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors;

unless fire or explosion as insured against ensues, and then this Company shall be liable for only loss caused by the ensuing fire or

explosion; but these exclusions shall not apply to loss arising from theft.

5. volcanic eruption unless direct loss by fire or breakage of glass or safety glazing material ensues. In this event, this Company shall be liable for only the direct loss to the property insured caused by the ensuing fire and if an insured peril, the ensuing breakage of glass or safety glazing material.

Volcanic eruption means the eruption, explosion or effusion of a volcano.

D. War Risk and Governmental Action Exclusion as contained in the SMP Policy Conditions and Definitions Form.

E. Nuclear Clause and Nuclear Exclusion as contained in the SMP Policy Conditions and Definitions Form.

2. This policy does not insure under this form against loss caused by:

A. wear and tear, deterioration, rust or corrosion, mould, wet or dry rot; inherent or latent defect; smog; smoke, vapor or gas from agricultural or industrial operations; mechanical breakdown, including rupture or bursting caused by centrifugal force; settling, cracking, shrinkage, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings, animals, birds, vermin, termites or other insects; unless loss by a peril not otherwise excluded ensues and then the Company shall be liable for only such ensuing loss;

If loss by water not otherwise excluded ensues, this policy shall also cover the cost of tearing out and replacing of any part of the building covered required to effect repairs to the plumbing, heating or airconditioning system or domestic appliance from which the water escapes, but excluding loss to the system or appliance from which the water escapes;

B. explosion of steam boilers, steam pipes, steam turbines or steam engines (except direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox, or combustion chamber, of any fired vessel or within the flues or passages which conduct the gases of combustion therefrom) if owned by, leased by or operated under the control of the insured, or for any ensuing loss except by fire or explosion not otherwise excluded, and then the Company shall be liable for only such ensuing loss;

C. vandalism, malicious mischief, theft or attempted theft, if the building had been vacant or unoccupied beyond a period of 30 consecutive days immediately preceding the loss, unless loss by a peril not excluded in this policy ensues, and then the Company shall be liable for only such ensuing loss; nor shall this exclusion be applicable to such unoccupancy as is usual or incidental to the described occupancy;

D. leakage or overflow from plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) caused by or resulting from freezing while the building is vacant or unoccupied, unless the insured shall have exercised due diligence with respect to maintaining heat in the buildings or unless such equipment and appliances had been drained and the water supply shut off during such vacancy or unoccupancy;

E. theft (including but not limited to burglary and robbery) of any property which at the time of loss is not installed or attached to and made a part of a building or structure (except direct loss by pillage and looting occurring during and at the immediate place of a riot or civil commotion), unless loss by a peril not excluded in this policy ensues from theft or attempted theft, and then the Company shall be liable for only such ensuing loss;

F. unexplained or mysterious disappearance of any property, or shortage disclosed on taking inventory, or caused by any willful or dishonest act or omission of the insured or any associate, employee or agent of any insured;

G. continuous or repeated seepage or leakage of water or steam from within a plumbing, heating or air conditioning system or from within a domestic appliance which occurs over a period of weeks, months or years;

H. collapse, except as provided above in the Collapse Additional Coverage. If a peril not otherwise excluded ensues on the described premises, this Company will pay only for loss caused by the ensuing peril.

3. This policy does not insure under this form against loss occasioned directly or indirectly by any electrical injury or disturbance to electrical appliances, devices, fixtures or wiring caused by electrical currents artificially generated unless fire as insured against ensues, and then this Company shall be liable for loss caused by the ensuing fire.

4. This policy does not insure against loss caused by any of the following. However, any ensuing loss not excluded or excepted in this policy is covered.

A. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss:

B. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body:

C. Faulty, inadequate or defective:

1. planning, zoning, development, surveying, siting;
2. design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
3. materials used in repair, construction, renovation or remodeling; or
4. maintenance:

of part or all of any property on or off the described premises.

VIII. VALUATION

The following bases are established for valuation of property.

All property at actual cash value at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with

material of like kind and quality within a reasonable time after such loss, nor in any event for more than the interest of the named insured.

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I. PROPERTY COVERED

PERSONAL PROPERTY OF THE INSURED: Business personal property owned by the insured and usual to the occupancy of the insured, including the insured's interest in personal property owned by others to the extent of the value of labor, materials and charges furnished, performed or incurred by the insured: all while (1) in or on the building(s), or (2) in the open (including within vehicles) on or within 100 feet of the designated premises.

This coverage shall also include Tenant's Improvements and Betterments, meaning the insured's use interest in fixtures, alterations, installations or additions constituting a part of the building(s) occupied but not owned by the insured and made or acquired at the expense of the

insured exclusive of rent paid by the insured, but which are not legally subject to a removal by the insured.

PERSONAL PROPERTY OF OTHERS: This insurance shall cover for the account of the owner(s) (other than the named insured) personal property belonging to others in the care, custody or control of the insured, while (1) in or on the building(s), or (2) in the open (including within vehicles) on or within 100 feet of the designated premises.

Loss shall be adjusted with the named insured for the account of the owners of the property: except that the right to adjust any loss with the owners is reserved to the Company and the receipts of the owners in satisfaction thereof shall be in full satisfaction of any claim by the named insured for which payments have been made.

II. ADDITIONAL COVERAGE

COLLAPSE—This policy insures against risk of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

- a. fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism or malicious mischief; breakage of glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this policy;
- b. hidden decay;
- c. hidden insect or vermin damage;
- d. weight of people or personal property;
- e. weight of rain which collects on a roof;
- f. use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Company shall not be liable for loss to the following types of property, if otherwise covered in this policy, under items b., c., d., e. and f. unless the loss is a direct result of the collapse of a building:

outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings; gutters and downspouts; yard fixtures; outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

This Additional Coverage does not increase the amount(s) of insurance provided in this policy.

III. PROPERTY NOT COVERED

This policy does not cover:

- A. Property sold by the insured under conditional sale, trust agreement, installment payment or other deferred payment plan, after delivery to customers.
- B. Aircraft, watercraft, including motors, equipment and accessories (except rowboats and canoes, while out of water and on the designated premises); and automobiles, trailers, semi-trailers or any self-propelled vehicles or machines, except such property not licensed for use on public thoroughfares and operated principally on the premises of the insured.

This provision does not apply to the following types of property when held for sale or sold but not delivered:

1. Watercraft (including motors, equipment and accessories) while not afloat;
2. Motorcycles, motorscooters and snowmobiles; or
3. Trailers designed for use with private passenger vehicles for general utility purposes or carrying boats.

This provision does not apply to the following types of property when manufactured, processed or warehoused by the insured:

1. Aircraft;
2. Watercraft, including motors, equipment and accessories, while not afloat; or
3. Automobiles, trailers, semi-trailers or any self-propelled vehicles or machines.

C. Personal property while waterborne.

D. Household and personal effects contained in living quarters occupied by the insured, any officer, director, stockholder or partner of the insured or relatives of any of the foregoing, except as provided in the Extensions of Coverage.

E. Accounts, bills, currency, deeds, evidences of debt, money and securities.

F. Outdoor signs, whether or not attached to a building or structure.

G. Growing crops and lawns.

H. Property which is more specifically covered in whole or in part by this or any other contract of insurance, except for the amount of loss which is in excess of the amount due from such more specific insurance.

IV. PROPERTY SUBJECT TO LIMITATIONS

The following property is subject to these additional limitations:

1. Except for loss caused by the "specified perils":

- (a) Fur and fur garments are covered for not exceeding loss in the aggregate of \$2,500 in any one occurrence for all contributing insurance.
- (b) Jewelry and watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals are covered for not exceeding loss in the aggregate of \$2,500

in any one occurrence for all contributing insurance. This limitation shall not apply to jewelry and watches valued at \$50 or less per item.

(c) Patterns, dies, molds, models and forms are covered for not exceeding loss in the aggregate of \$2,500 in any one occurrence for all contributing insurance.

(d) Stamps, tickets and letters of credit are covered for not exceeding loss in aggregate of \$250 in any one occurrence for all contributing insurance.

2. Valuable papers and records meaning computer programs and books of account, manuscripts, abstracts, drawings, card index systems and other records including film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, are covered only against loss caused by the "specified perils".
3. Animals and pets are not covered, except when held for sale or sold but not delivered, and then only against death or destruction directly resulting from or made necessary by the "specified perils".
4. Outdoor trees, shrubs and plants are not covered, except: (a) when held for sale or sold but not delivered, and then only against direct loss by the "specified perils", or (b) as provided in the Extensions of Coverage.
5. Glass, glassware, statuary, marbles, bric-a-brac, porcelains and other articles of a fragile or brittle nature are covered against loss by breakage only if directly caused by the "specified perils".

- This limitation shall not apply to bottles or similar containers of property for sale, or sold but not delivered, nor to lenses of photographic or scientific instruments.
6. Steam boilers, steam pipes, steam turbines and steam engines are not covered against loss caused by bursting, rupture, cracking or explosion originating therein (other than explosion of accumulated gases or unconsumed fuel within a fire box or combustion chamber).
7. Machines and machinery are not covered against loss caused by rupture, bursting or disintegration of their rotating or moving parts resulting from centrifugal or reciprocating force.

The term "specified perils" shall mean direct loss by fire, lightning, aircraft, explosion, riot, civil commotion, smoke, vehicles, windstorm or hail to property contained in any building, vandalism and malicious mischief, leakage or accidental discharge from automatic fire protective systems.

V. EXTENSIONS OF COVERAGE

Each of the limits of liability specified or the following Extensions of Coverage applies as an additional amount of insurance. The Coinsurance Clause shall not apply to loss under the Extensions of Coverage.

The total amount recoverable under the Extensions of Coverage in this form and Extensions of Coverage in any other form made a part of this policy are not cumulative and shall not exceed the largest amount recoverable under any single form made a part of this policy.

When, in accordance with the Other Insurance condition, there is Contributing Insurance, the Company shall not be liable for more than its pro rata share of the limits set forth in the following Extensions of Coverage.

A. Property at Newly Acquired Locations: The insured may apply up to 10% of the limit of liability specified for Personal Property of the Insured, but not exceeding \$10,000, to cover direct loss in anyone occurrence by a peril not otherwise excluded to such property at any location (except fairs and exhibitions) acquired by the insured for similar occupancies or warehousing purposes elsewhere than at the designated premises within the territorial limits of this policy. This coverage shall cease 30 days from the date of such acquisition or on the date values at such locations are reported to the Company, or on the expiration date of the policy, whichever occurs first. Additional premium shall be due and payable for values so reported from the date the property is acquired.

B. Personal Effects: The insured may apply up to \$500 to cover direct loss in any one occurrence by the perils not otherwise excluded to personal effects while located on the designated premises, belonging to the insured, officers, partners or employees thereof, and limited to \$100 on personal effects owned by any one individual. This Extension of Coverage does not apply if the loss is covered by any other insurance, whether collectible or not, or which would have been covered by such other insurance in the absence of this policy. At the option of the Company, loss under this Extension of Coverage may be adjusted with and payable to the insured.

C. Valuable Papers and Records: The insured may apply up to \$500 to cover direct loss in any one occurrence by a peril not otherwise excluded to valuable papers and records consisting of computer programs and books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing and other records, all the property of the insured at designated premises. This Extension of Coverage covers only the cost of research and other expense necessarily incurred by the insured to reproduce, replace or restore such valuable papers and records. The total amount payable in any one occurrence under this Extension of Coverage shall not exceed the limit specified above regardless of the number of premises designated in the Declarations.

D. Outdoor Trees, Shrubs and Plants: The insured may apply up to \$1,000 to cover outdoor trees, shrubs and plants at the designated premises against direct loss in any one occurrence by the perils of fire, lightning, explosion, riot, civil commotion or aircraft, but only to the extent such perils are insured against herein. The Company shall not be

liable for more than \$250 on any one tree shrub or plant, including expense incurred for removing debris thereof.

E. Extra Expense: The insured may apply up to \$1,000 to cover the necessary extra expense incurred by the insured in order to continue as nearly as practicable the normal operations of the insured's business immediately following damage by a peril not otherwise excluded under this form to the buildings or personal property situated at the designated premises.

"Extra expense" means the excess of the total cost incurred during the period of restoration chargeable to the operations of the insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

"Period of restoration" means that period of time, commencing with the date of damage and not limited by the date of expiration of this policy, as would be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of said buildings or personal property as have been damaged.

The Company shall not be liable under this Extension of Coverage for:

1. loss of income;
2. the cost of repairing or replacing any of the described property, or the cost of research or other expense necessary to replace or restore computer programs and books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, and other records that have been damaged by a peril not otherwise excluded, except cost in excess of the normal cost of such repair replacement or restoration necessarily incurred for the purpose of reducing the total amount of extra expense. In no event shall such excess exceed the amount by which the total extra expense otherwise payable under this Extension of Coverage is reduced; or
3. any other consequential or remote loss

F. Damage to Buildings from Theft, Burglary or Robbery: This policy includes loss (except by fires or explosion) to that part of the building occupied by the insured and containing property covered, and to equipment therein pertaining to the service of the building but not building property or equipment removed from premises, directly resulting from theft, burglary or robbery (including attempt thereof), provided the insured is the owner of such building or equipment or is liable for such damage, but in no event shall this coverage apply to glass (other than glass building blocks) or to any lettering or ornamentation thereon.

G. Transportation: The insured may apply up to \$1,000 to cover insured personal property (other than property in the care, custody or control of salesmen) during transportation by motor vehicles owned, leased or operated by the insured for loss in any one occurrence caused by:

1. fire, lightning, windstorm and hail, explosion, smoke, riot, riot attending a strike and civil commotion, vandalism and malicious mischief; or
2. collision, overturning or upset of the vehicle; meaning thereby the violent and accidental contact of the vehicle conveying the property described herein with any other vehicle or object excluding any loss or damage done by coming in contact with any portion of the road bed or by means other than as expressly indicated; or
3. theft of an entire shipping bale, case or package from a vehicle while such property is contained in a fully enclosed and securely locked body or compartment and theft results from forcible entry, evidenced by visible marks upon such body or compartment.

H. Non-Owned Personal Property: The insured may apply at each location up to 2% of the limit of liability specified for Personal Property of the Insured at such location, but not exceeding \$2,000, as an additional amount of insurance, to cover for the account of the owners thereof (other than the named insured) direct loss by a peril insured against to personal property, similar to that covered by this policy, belonging to others while in the care, custody or control of the named insured and all while (1) in or on the building(s), or (2) in the open (including within vehicles) on or within 100 feet of the designated premises.

Loss shall be adjusted with the named insured for the account of the owners of the property, except that the right to adjust any loss with the owners is reserved to the Company and the receipts of the owners in satisfaction thereof shall be in full satisfaction of any claim by the named insured for which payments have been made. As respects personal property belonging to others, this provision shall replace any loss payable provision of this policy.

I. Off-Premises: The insured may apply up to 2% of the limit of liability specified for Personal Property of the Insured, but not exceeding \$5,000 nor less than \$1,000 at a described location to cover direct loss in any one occurrence by a peril not otherwise excluded to the property covered under Personal Property of the Insured (other than merchandise or stock) while removed from designated premises. This Extension of Coverage shall not apply: (a) to loss by theft, (b) to property in transit nor (c) to property on any premises owned, leased, operated or controlled by the insured.

VI. PERILS INSURED AGAINST

This policy insures against risks of direct physical loss unless the loss is excluded in VII. Exclusions below, subject to the provisions and stipulations herein and in the policy of which this form is made a part.

VII. EXCLUSIONS

1. This policy does not insure against loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

A. Loss occasioned directly or indirectly by enforcement of any ordinance or law regulating the use, construction, repair or demolition of property, including debris removal expense.

B. Loss caused directly or indirectly by the interruption of power or other utility service furnished to the designated premises if the interruption takes place away from the designated premises. If a peril insured against ensues on the designated premises, this Company will pay only for loss caused by the ensuing peril.

C. Loss caused by, resulting from, contributed to or aggravated by any of the following:

1. earth movement, including but not limited to earthquake, landslide, mudflow, earth sinking, earth rising or shifting;

2. flood, surface water, waves, tidal water or tidal waves, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;

3. water which backs up through sewers or drains; or

4. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors:

unless fire or explosion as insured against ensues, and then this Company shall be liable for only loss caused by the ensuing fire or explosion: but these exclusions shall not apply to loss arising from theft.

5. volcanic eruption unless direct loss by fire or breakage of glass or safety glazing material ensues. In this event, this Com-

pany shall be liable for only the direct loss to the property insured caused by the ensuing fire and if an insured peril, the ensuing breakage of glass or safety glazing material.

Volcanic eruption means the eruption, explosion or effusion of a volcano.

D. War Risk and Governmental Action Exclusion as contained in the SMP Policy Conditions and Definitions Form.

E. Nuclear Clause and Nuclear Exclusion as contained in the SMP Policy Conditions and Definitions Form.

2. This policy does not insure under this form against loss caused by:

A. unexplained or mysterious disappearance of property, or shortage of property disclosed on taking inventory;

B. actual work upon, installation or testing of property covered, failure, breakdown or derangement of machines or machinery; unless loss by fire or explosion not otherwise excluded ensues and then the Company shall be liable for only such ensuing loss;

C. any electrical injury or disturbance to electrical appliances, devices, fixtures or wiring caused by electrical currents artificially generated unless fire as insured against ensues, and then this Company shall be liable for only loss caused by the ensuing fire;

D. leakage or overflow from plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) caused by or resulting from freezing while the described building is vacant or unoccupied, unless the insured shall have exercised due diligence with respect to maintaining heat in the buildings or unless such equipment and appliances had been drained and the water supply shut off during such vacancy or unoccupancy;

E. delay, loss of market, interruption of business, nor consequential loss of any nature;

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- F. (a) wear and tear, marring or scratching;
 (b) deterioration, inherent vice, latent defect;
 (c) rust, mold, wet or dry rot, contamination;
 (d) dampness or dryness of atmosphere, changes in or extremes of temperature;
 (e) smog, smoke from agricultural smudging or industrial operations; or
 (f) birds, vermin, rodents, insects or animals;
 unless loss by fire, smoke (other than smoke from agricultural smudging or industrial operations), explosion, collapse of a building, glass breakage or water not otherwise excluded ensues, then this policy shall cover only such ensuing loss.
 If loss by water not otherwise excluded ensues, this policy shall also cover the cost of tearing out and replacing of any part of the building covered required to effect repairs to the plumbing; heating or air conditioning system or domestic appliance but excluding loss to the system or appliance from which the water escapes;

G. explosion of steam boilers, steam pipes, steam turbines or steam engines (except direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox, or combustion chamber, of any fired vessel or within the flues or passages which conduct the gases of combustion therefrom) if owned by, leased by or operated under the control of the insured, or for any ensuing loss except by fire or explosion not otherwise excluded, and then the Company shall be liable for only such ensuing loss;

H. voluntary parting with title or possession of any property by the insured or others to whom the property may be entrusted if induced to do so by any fraudulent scheme, trick, device or false pretense;

I. any fraudulent, dishonest or criminal act done by or at the instigation of any insured, partner or joint adventurer in or of any insured.

an officer, director or trustee of any insured, pilferage, appropriation or concealment of any property covered due to any fraudulent dishonest or criminal act of any employee while working or otherwise, or agent of any insured, or any person to whom the property covered may be entrusted;

J. continuous or repeated seepage or leakage of water or steam from within a plumbing, heating or air conditioning system or from within a domestic appliance which occurs over a period of weeks, months or years;

K. rain, snow or sleet to property in the open; or

L. collapse, except as provided above in the Collapse Additional Coverage. If a peril not otherwise excluded ensues on the described premises, this Company will pay only for loss caused by the ensuing peril.

3. This policy does not insure against loss caused by any of the following. However, any ensuing loss not excluded or excepted in this policy is covered.

A. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss:

B. Acts or decisions including the failure to act or decide of any person, group, organization or government body:

C. Faulty inadequate or defective:

1. planning, zoning, development, surveying, siting;
2. design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
3. materials used in repair, construction, renovation or remodeling; or
4. maintenance:
 of part or all of any property on or off the described premises.

VIII. VALUATION

The following bases are established for valuation of property:

A. The value of all stock actually sold but not delivered shall be the price at which it was sold, less all discounts and unincurred expenses.

B. Tenants' Improvements and Betterments:

1. If repaired or replaced at the expense of the named insured within a reasonable time after loss, the actual cash value of the damaged or destroyed improvements and betterments.

2. If not repaired or replaced within a reasonable time after loss, that proportion of the original cost at time of installation of the damaged or destroyed property which the unexpired term of the lease or rental agreement, whether written or oral, in effect at the time of loss bears to the periods from the dates such improvements or betterments were made to the expiration date of the lease.

3. If repaired or replaced at the expense of others for the use of the named insured, there shall be no liability hereunder.

C. Valuable Papers and Records:

1. Books of account, manuscripts, abstracts, drawings, card index systems and other records (except film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing) for not exceeding the cost of blank books, cards or other blank material plus the cost of labor incurred by the named insured for transcribing or copying such records.

2. Film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing for not exceeding the cost of such media in unexposed or blank form.

3. Computer programs for not exceeding the cost of labor incurred by the named insured for transcribing or copying such programs.

D. All other property at actual cash value at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, nor in any event for more than the interest of the named insured.

GENERAL CONDITIONS

The following conditions apply to Section I and II except as otherwise indicated. Additional Conditions or modifications of the following Conditions may appear in the specific coverage sections.

1. Premium. All premiums for this policy shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein.

If this policy is issued for a period in excess of one year with a specified expiration date and a premium is payable at each anniversary, such premium shall be determined annually on the basis of the rates in effect at the anniversary date.

If this policy is issued for a period without a specified expiration date, it may be continued by payment of the required premium for the succeeding annual period. Such premium must be paid to the Company prior to each anniversary date; if not so paid, this policy shall expire on the first anniversary date that the said premium has not been received by the Company.

2. Time of Inception. To the extent that coverage in this policy replaces coverage in other policies terminating noon standard time on the inception date of this policy, coverage under this policy shall not become effective until such other coverage has terminated.

3. Cancellation. This policy may be cancelled by the named insured by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the named insured at the mailing address shown in the Declarations, written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the named insured or by the Company shall be equivalent to mailing.

If the named insured cancels, the Company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective but payment or tender of unearned premium is not a condition of cancellation.

Notice of cancellation addressed to the named insured and mailed to the mailing address shown in the Declarations shall be sufficient notice to effect cancellation of this policy.

4. Concealment or Fraud. This policy is void if any insured has intentionally concealed or misrepresented any material fact or circumstance relating to this insurance.

5. Assignment. Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon. However, if the named insured shall die, this insurance shall apply,

(a) to the named insured's legal representative, as the named insured, but only while acting within the scope of his duties as such; or

(b) to the person having temporary custody of the property of the named insured but only until the appointment and qualification of the legal representative.

6. Subrogation.

(a) In the event of any payment under this policy, the Company shall be subrogated to all the insured's rights of recovery against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

(b) The Company shall not be bound to pay any loss if the insured has impaired any right of recovery for loss; however, it is agreed that the insured may:

(1) as respects property while on the premises of the insured, release others in writing from liability for loss prior to loss, and such release shall not affect the right of the insured to recover hereunder, and

(2) as respects property in transit, accept such bills of lading, receipts or contracts of transportation as are ordinarily issued by carriers containing a limitation as to the value of such goods or merchandise.

7. Inspection and Audit. The Company shall be permitted but not obligated to inspect the named insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the named insured or others to determine or warrant that such property or operations are safe or healthful or are in compliance with any law, rule or regulation.

The Company may examine and audit the named insured's books and records at any time during the policy period and extensions and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

8. Liberalization Clause. In the event any filing is submitted to the insurance supervisory authorities on behalf of the Company, and:

(a) the filing is approved or accepted by the insurance authorities to be effective while this policy is in force or within 45 days prior to its inception; and

(b) the filing includes insurance forms or other provisions that would extend or broaden this insurance by endorsement or substitution of form, without additional premium;

the benefit of such extended or broadened insurance shall inure to the benefit of the insured as though the endorsement or substitution of form had been made.

9. Insurance Under More Than One Coverage, Part or Endorsement. In the event that more than one coverage, part or endorsement of this policy insures the same loss, damage or claim, the Company shall not be liable for more than the actual loss or damage sustained by the insured.

10. Waiver or Change of Provisions. The terms of this insurance shall not be waived, changed or modified except by endorsement issued to form a part of this policy.

CONDITIONS APPLICABLE TO SECTION I

1. Policy Period, Territory. Section I of this policy applies only to loss to property during the Policy period while such property is within or between the fifty states of the United States of America, the District of Columbia and Puerto Rico.

2. Deductible. Unless otherwise provided in the Declarations:

(a) The sum of \$100 shall be deducted from the amount of loss to property in any one occurrence. This deductible shall apply:

- (1) separately to each building, including personal property therein;
- (2) separately to personal property in each building if no coverage is provided on the containing building; and
- (3) separately to personal property in the open (including within vehicles).

(b) The aggregate amount of this deductible in any one occurrence shall not exceed \$1,000.

3. Coinsurance Clause. The Company shall not be liable for a greater proportion of any loss to property covered than the limit of liability under this policy for such property bears to the amount produced by multiplying the actual cash value of such property at the time of the loss by the coinsurance percentage stated in the Declarations.

In the event that the aggregate claim for any loss is both less than \$10,000 and less than 5% of the limit of liability for all contributing insurance applicable to the property involved at the time such loss occurs, no special inventory or appraisal of the undamaged property shall be required providing that nothing herein shall be construed to waive the application of the first paragraph of this clause.

If insurance under Section I of this policy is divided into separate limits of liability, the foregoing shall apply separately to the property covered under each such limit of liability.

4. Removal. This policy covers loss by removal of the property covered hereunder from premises endangered by the perils insured against, and the amount of insurance applies pro rata for five days at each proper place to which such property shall necessarily be removed for preservation.

5. Debris Removal. This policy covers expense incurred in the removal of debris of the property covered which may be occasioned by loss by any of the perils insured against in this policy. The total amount recoverable under this policy for both loss to property and debris removal expense shall not exceed the limit of liability applying to the property. Cost of removal of debris shall not be considered in the determination of actual cash value when applying the Coinsurance Clause.

6. War Risk And Governmental Action Exclusion. This policy under Section I shall not apply to loss caused, directly or indirectly, by or due to any act or condition incident to the following:

(a) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (ii) by military, naval or air forces; or (iii) by an agent of any such government, power, authority or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces;

(b) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence; seizure or destruction under quarantine or custom's regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

7. Nuclear Clause And Nuclear Exclusion.

(a) Nuclear Clause (Not Applicable in New York). The word "fire" in this policy is not intended to and does not embrace nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled and loss by nuclear reaction or nuclear radiation or radioactive contamination is not intended to be and is not insured against by this policy, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by "fire" or any other perils insured against by this

policy. However, subject to the foregoing and all provisions of this policy, direct loss by "fire" resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.

(b) Nuclear Clause (Applicable only in New York): This policy does not cover loss or damage caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether directly or indirectly resulting from an insured peril under this policy.

(c) Nuclear Exclusion (Not Applicable in New York): Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing is not insured against by this policy, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by any of the perils insured against by this policy; and nuclear reaction or nuclear radiation or radioactive contamination all whether controlled or uncontrolled, is not "explosion" or "smoke". This clause applies to all perils insured against hereunder except the peril of fire, which is otherwise provided for in the nuclear clause above.

8. Other Insurance.

(a) If at the time of loss there is other insurance written in the name of the insured upon the same plan, terms, conditions and provisions as contained in this policy, herein referred to as Contributing Insurance, the Company shall be liable for no greater proportion of any loss than the limit of liability under this policy bears to the whole amount of insurance covering such loss.

(b) If at the time of loss there is other insurance other than that as described in (a) above, the Company shall not be liable for any loss hereunder until:

- (1) the Liability of such other insurance has been exhausted, and
- (2) then for only such amount as may exceed the amount due from such other insurance, whether collectible or not.

9. Duties Of The Named Insured After A Loss. In case of loss the named insured shall:

- (a) give immediate written notice of such loss to the Company;
- (b) protect the building and personal property from further damage, make reasonable temporary repairs required to protect the property, and keep an accurate record of repair expenditures;
- (c) prepare an inventory of damaged personal property showing in detail, quantity, description, actual cash value and amount of loss. Attach to the inventory all bills, receipts and related documents that substantiate the figures in the inventory;
- (d) exhibit the remains of the damaged property as often as may be reasonably required by the Company and submit to examination under oath;
- (e) submit to the Company within 60 days after requested a signed, sworn statement of loss that sets forth to the best of the named insured's knowledge and belief:

- (1) the time and cause of loss;
- (2) interest of the insured and all others in the property involved and all encumbrances on the property;
- (3) other policies of insurance that may cover the loss;
- (4) changes in title or occupancy of the property during the term of the policy;
- (5) specifications of any damaged building and detailed estimates for repair of the damage;
- (6) an inventory of damaged personal property described in (c) above;

(f) give notice of such loss to the proper police authority if loss is due to a violation of law.

10. Appraisal. If the named insured and the Company fail to agree on the amount of the loss, either can demand that the amount of loss be set by appraisal. If either party makes a written demand for appraisal, each shall select a competent independent appraiser. Each shall notify the other of the selected appraiser's identity within twenty (20) days of the receipt of the written demand.

The two appraisers shall select a competent, impartial umpire. If the appraisers are unable to agree upon an umpire within fifteen (15) days, the named insured or the Company may petition a judge of a Court of Record in the state where the insured premises is located to select an umpire.

The appraisers shall then set the amount of the loss. If the appraisers submit a written report of an agreement to the Company, the amount agreed upon shall be the amount of the loss. If the appraisers fail to agree within a reasonable time, they shall submit their differences to the umpire. Written agreement signed by any two of these three shall set the amount of loss.

Each appraiser shall be paid by the party selecting that appraiser. Other expenses of the appraisal and compensation of the umpire shall be paid equally by the named insured and the Company.

11. Company Options. If the Company gives notice within thirty (30) days after it has received a signed, sworn statement of loss, it shall have the option to take all or any part of the property damaged at an agreed value, or to repair, rebuild or replace it with equivalent property.

12. Abandonment Of Property. The Company need not accept any property abandoned by an insured.

13. Payment Of Loss. The Company will pay all adjusted claims within thirty (30) days after presentation and acceptance of the proof of loss.

14. Privilege To Adjust With Owner.

(a) Except as provided in (b) below, or unless another payee is specifically named in the policy, loss, if any, shall be adjusted with and payable to the named insured.

(b) In the event claim is made for damage to property of others held by the insured, the right to adjust such loss or damage with the owner or owners of the property is reserved to the Company and the receipt of payment by such owner or owners in satisfaction thereof shall be in full satisfaction of any claim of the insured for which such payment has been made.

If legal proceedings be taken to enforce a claim against the insured as respects any such loss or damage, the Company reserves the right at its' option without expense to the insured to conduct and control the defense on behalf of and in the name of the insured. No action of the Company in such regard shall increase the liability of the Company under this policy, nor increase the limits of liability specified in the policy.

15. Suit. No suit shall be brought on this policy unless the insured has complied with all the policy provisions and has commenced the suit within one year after the loss occurs.

16. Permits And Use. Except as otherwise provided, permission is granted:

(a) to make alterations and repairs;

(b) in the event of loss hereunder, to make reasonable repairs, temporary or permanent, provided such repairs are confined solely to the protection of the property from further damage, and provided further that the insured shall keep an accurate record of such repair expenditures. The cost of any such repairs directly attributable to damage by any peril insured against shall be included in determining the amount of loss hereunder. Nothing herein contained is intended to modify the policy requirements applicable in case loss occurs, and in particular the requirement that, in case loss occurs, the insured shall protect the property from further damage.

17. Vacancy, Unoccupancy and Increase of Hazard.

(a) This Company shall not be liable for loss occurring while a described building, whether intended for occupancy by owner or tenant is vacant beyond a period of sixty consecutive days. "Vacant" or "Vacancy" means containing no contents pertaining to operations or activities customary to occupancy of the building, but a building in process of construction shall not be deemed vacant.

(b) Permission is granted for unoccupancy.

(c) Unless otherwise provided in writing added hereto this Company shall not be liable for loss occurring while the hazard is increased by any means within the control or knowledge of the insured.

18. Protective Safeguards. If as a condition of this insurance that the insured shall maintain so far as is within his control such protective safeguards as are set forth by endorsement hereto.

Failure to maintain such Protective safeguards shall suspend this insurance only as respects the location or situation affected for the time of such discontinuance.

19. Mortgage Clause-Applicable Only To Buildings. This clause is effective if a mortgagee is named in the Declarations. The word "mortgagee" includes "trustee". Loss to buildings shall be payable to the named mortgagee as interest may appear, under all present or future mortgages on the buildings described in the Declarations in order of precedence of mortgages on them.

As it applies to the interest of any mortgagee designated in the Declarations, this insurance shall not be affected by any of the following:

(a) any act or neglect of the mortgagor or owner of the described buildings;

(b) any foreclosure or other proceedings or notice of sale relating to the property;

(c) any change in the title or ownership of the property;

(d) occupancy of the premises for purposes more hazardous than are permitted by this policy;

provided, that in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee shall, on demand, pay the premium.

The mortgagee shall notify the Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of the mortgagee. Unless permitted by this policy, such change of ownership or occupancy or increase of hazard shall be noted on the policy and the mortgagee shall on demand pay the premium for the increased hazard for the term it existed under this policy. If such premium is not paid, this policy shall be null and void.

The Company reserves the right to cancel this policy at any time as provided by its terms. If so cancelled, this policy shall continue in force for the benefit only of the mortgagee for ten days after notice to the mortgagee of such cancellation and shall then cease. The Company shall have the right to cancel this agreement on ten days notice to the mortgagee.

When the Company shall pay the mortgagee any sum for loss under this policy, and shall claim that, as to the mortgagor or owner, no liability therefor existed, the Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the mortgagee to whom such payment shall have been made, under the mortgage debt. In lieu of taking such subrogation, the Company may, at its option, pay to the mortgagee the whole principal due or to grow due on the mortgage, with interest accrued and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities. However, no subrogation shall impair the right of the mortgagee to recover the full amount of said mortgagee's claim.

20. Recoveries. In the event the Company has made a payment for loss under the policy and a subsequent recovery is made of the lost or damaged property, the insured shall be entitled to all recoveries in excess of the amount paid by the Company, less only the actual cost of effecting such recoveries.

21. Loss Clause. Any loss hereunder shall not reduce the amount of this insurance.

22. No Benefit To Bailee. This insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

23. No Control. This insurance shall not be prejudiced:

(a) by any act or neglect of the owner of any building if the insured is not the owner thereof, or by any act or neglect of any occupant (other than the insured) of any building when such act or neglect of the owner or occupant is not within the control of the insured, or

(b) by failure of the insured to comply with any warranty or condition contained in any endorsement attached to this policy with regard to any portion of the premises over which the insured has no control.

CONDITIONS APPLICABLE TO SECTION II

1. Supplementary Payments. The Company will pay, in addition to the applicable limit of liability:

(a) all expenses incurred by the Company, all costs taxed against the insured in any suit defended by the Company and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the Company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the Company's liability thereon;

(b) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, and the cost of bail bonds required of the insured because of accident or traffic law violation arising out of the use of any vehicle to which this policy applies, not to exceed \$250 per bail bond, but the Company shall have no obligation to apply for or furnish any such bonds;

(c) expenses incurred by the insured for first aid to others at the time of an accident, for **bodily injury** to which this policy applies;

(d) reasonable expenses incurred by the insured, at the Company's request in assisting the Company in the investigation or defense of any claim or suit, including actual loss of earnings not to exceed \$25 per day.

2. Premium. Premium designated in this policy as "advance premium" is a deposit premium only which shall be credited to the amount of the earned premium due at the end of the policy period. At the close of each period (or part thereof terminating with the end of the policy period) designated in the Declarations as the audit period the earned premium shall be computed for such period and, upon notice thereof to the named insured shall become due and payable. If the total earned premium for the policy period is less than the premium previously paid, the Company shall return to the named insured the unearned portion paid by the named insured.

The named insured shall maintain records of such information as is necessary for premium computation and shall send copies of such records to the Company at the end of the policy period and at such times during the policy period as the Company may direct.

3. Financial Responsibility Laws. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, such insurance as is afforded by this policy for **bodily injury** liability or for **property damage** liability shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law. The insured agrees to reimburse the Company for any payment made by the Company which it would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

4. Insured's Duties in the Event of Occurrence, Claim or Suit.

(a) In the event of an occurrence, written notice containing particulars sufficient to identify the insured and also reasonably obtainable information with respect to the time, place and circumstances thereof and the names and addresses of the injured and of available witnesses shall be given by or for the insured to the Company or any of its authorized agents as soon as practicable.

(b) If claim is made or suit is brought against the insured, the insured shall immediately forward to the Company every demand, notice, summons or other process received by him or his representative.

(c) The insured shall cooperate with the Company and, upon the Company's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the insured because of injury or damage with respect to which insurance is afforded under this policy; and the insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident.

5. Medical Reports; Proof and Payment of Claim. As soon as practicable the insured person or someone on his behalf shall give to the Company written proof of claim, under oath if required, and shall, after each request from the Company, execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Company

when and as often as the Company may reasonably require. The Company may pay the injured person or any person or organization rendering the services and the payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute an admission of liability of any person or, except hereunder, of the Company.

6. Action Against Company. No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full Compliance with all of the terms of this policy, nor until the amount of the insured's obligation to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the insured, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Company as a party in any action against the insured to determine the insured's liability, nor shall the Company be impleaded by the insured or his legal representative. Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the Company of any of its obligations hereunder.

7. Other Insurance. The insurance afforded by this policy is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Company's liability under this policy shall not be reduced by the existence of such other insurance.

When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the Company shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

(a) **Contribution by Equal Shares.** If all of such other valid and collectible insurance provides for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.

(b) **Contribution by Limits.** If any of such other insurance does not provide for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

8. Annual Aggregate. If this policy is issued for a period in excess of one year, any limit of the Company's liability stated in this policy as "aggregate" shall apply separately to each consecutive annual period.

9. Nuclear Exclusion.

I. This Policy does not apply:

(a) Under any Liability Coverage, to **bodily injury** or **property damage**

(1) with respect to which an insured under this policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) resulting from the **hazardous properties of nuclear material** and with respect to which (i) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (ii) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

(b) Under any Medical Payments Coverage, or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to **bodily injury** resulting from the **hazardous properties of nuclear material** and arising out of the operation of a **nuclear facility** by any person or organization.

(c) Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if

(1) the nuclear material (i) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (ii) has been discharged or dispersed therefrom;

(2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(3) the bodily injury or property damage arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property thereat.

II. As used in this exclusion

"hazardous properties" include radioactive, toxic or explosive properties;

"nuclear material" means source material, special nuclear material or byproduct material;

"source material", "special nuclear material" and "byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

"waste" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof;

"nuclear facility" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof; or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located all operations conducted on such site and all premises used for such operations;

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"property damage" includes all forms of radioactive contamination of property;

DEFINITIONS APPLICABLE TO SECTION I

When used in the provisions applicable to Section 11 of this policy (including endorsements forming a part hereof):

"automobile" means a land motor vehicle, trailer or semitrailer designed for travel on public roads (including any machinery or apparatus attached thereto), but does not include mobile equipment;

"bodily injury" means bodily injury, sickness or disease sustained by any person which occurs during the policy period, including death at any time resulting therefrom;

"collapse hazard" includes "structural property damage" as defined herein and property damage to any other property at any time resulting therefrom.

"Structural property damage" means the collapse of or structural injury to any building or structure due to (1) grading of land, excavating, borrowing, filling, back-filling, tunneling, pile driving, cofferdam work or caisson work, or (2) moving, shoring, underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support thereof. The collapse hazard does not include property damage (1) arising out of operations performed for the named insured by independent contractors, or (2) included within the completed operations hazard or the underground property damage hazard, or (3) for which liability is assumed by the insured under an incidental contract;

"completed operations hazard" includes bodily injury and property damage arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or property damage occurs after such operations have been completed or abandoned and occurs away, from premises owned by or rented to the named insured. "Operations" include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

- (1) when all operations to be performed by or on behalf of the named insured under the contract have been completed,
- (2) when all operations to be performed by or on behalf of the named insured at the site of the operations have been completed, or
- (3) when the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

The completed operations hazard does not include bodily injury or property damage arising out of

- (a) operations in connection with the transportation of property, unless the bodily injury or property damage arises out of a condition in or on a vehicle created by the loading or unloading thereof,
- (b) the existence of tools, uninstalled equipment or abandoned or unused materials, or
- (c) operations for which the classification stated in the policy or in the company's manual specifies "including completed operations";

"elevator" means any hoisting or lowering device to connect floors or landings, whether or not in service, and all appliances thereof including any car, platform, shaft, hoistway, stairway, runway, power equipment and machinery; but does not include an automobile servicing hoist, or a hoist without a platform outside a building if without mechanical power or if not attached to building walls, or a hod or material hoist used in alteration, construction or demolition operations, or an inclined conveyor used exclusively for carrying property or a dumbwaiter used exclusively for carrying property and having a compartment height not exceeding four feet;

"explosion hazard" includes property damage arising out of blasting or explosion. The explosion hazard does not include property damage (1) arising out of the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment, or (2) arising out of operations performed for the named insured by independent contractors, or (3) included within the completed operations hazard or the underground property damage hazard, or (4) for which liability is assumed by the insured under an incidental contract;

"incidental contract" means any written (1) lease of premises, (2) easement agreement, except in connection with construction or demolition

operations on or adjacent to a railroad. (3) undertaking to indemnify a municipality required by municipal ordinance, except in connection with work for the municipality, (4) sidetrack agreement, or (5) elevator maintenance agreement;

"insured" means any person or organization qualifying as an insured in the "Persons Insured" provision of the applicable insurance coverage. The insurance afforded applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the company's liability;

"mobile equipment" means a land vehicle (including any machinery or apparatus attached thereto), whether or not self-propelled, (1) not subject to motor vehicle registration, or (2) maintained for use exclusively on premises owned by or rented to the named insured, including the ways immediately adjoining, or (3) designed for use principally off public roads, or (4) designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle: power cranes, shovels, loaders, diggers and drills; concrete mixers (other than the mix-in-transit type); graders, scrapers, rollers and other road construction or repair equipment; air compressors, pumps and generators, including spraying, welding and building cleaning equipment; and geophysical exploration and well servicing equipment;

"named insured" means the person or organization named in Item 1. of the declarations of this policy;

"named insured's products" means goods or products manufactured, sold, handled or distributed by the named insured or by others trading under his name, including any container thereof (other than a vehicle), but "named insured's products" shall not include a vending machine or any property other than such container, rented to or located for use of others but not sold;

"occurrence" means an accident, including continuous or repeated exposure to conditions, which results in bodily injury or property damage neither expected nor intended from the standpoint of the insured;

"policy territory" means:

- (1) the United States of America, its territories or possessions, or Canada, or
- (2) international waters or air space, provided the bodily injury or property damage does not occur in the course of travel or transportation to or from any other country, state or nation, or
- (3) anywhere in the world with respect to damages because of bodily injury or property damage arising out of a product which was sold for use or consumption within the territory described in paragraph (1) above, provided the original suit for such damages is brought within such territory;

"products hazard" includes bodily injury and property damage arising out of the named insured's products or reliance upon a representation or warranty made at any time with respect thereto, but only if the bodily injury or property damage occurs away from premises owned by or rented to the named insured and after physical possession of such products has been relinquished to others;

"property damage" means (1) physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use thereof at any time resulting therefrom, or (2) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an occurrence during the policy period;

"underground property damage hazard" includes underground property damage as defined herein and property damage to any other property at any time resulting therefrom. "Underground property damage" means property damage to wires, conduits, pipes, mains, sewers, tanks, tunnels, any similar property, and any apparatus in connection therewith, beneath the surface of the ground or water, caused by and occurring during the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, borrowing, filling, back-filling or pile driving. The underground property damage hazard does not include property damage (1) arising out of operations performed for the named insured by independent contractors, or (2) included within the completed operations hazard, or (3) for which liability is assumed by the insured under an incidental contract.

In consideration of the premium charged, this endorsement is made a part of this policy

The SMP Policy is amended as follows:

1. SUBROGATION

General Condition 6. "Subrogation" of the SMP Policy Conditions and Definitions Form is replaced by the following:

6. Subrogation.

(a) In the event of any payment under this policy, the Company shall be subrogated to all the insured's rights of recovery against any person or organization and the insured shall execute and deliver, instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights except as provided below.

(b) When SMP Condominium Additional Policy Provision Endorsement MP 00 80 is attached to this policy, the waiver of subrogation condition, paragraph 1. of Form MP 00 80 is deleted and replaced by the following:

The Company waives its rights to subrogation against any unit-owner of the condominium described in the declarations.

(c) As respects coverage provided under Section I-Property Coverage of this policy this insurance shall not be invalidated should the insured waive in writing any or all right of recovery against any party for loss. Provided, however, that in the event the insured waives only a part of his rights against any particular third party, this Company shall be subrogated with respect to all rights of recovery which the insured may retain against any such third party for loss from the perils insured against to the extent that payment therefor is made by this Company; all subject to the following additional provisions:

- (1) This condition does not apply to crime, inland marine or glass coverage written under Section I. Property Coverage of this policy;
- (2) If made before loss has occurred, such agreement may run in favor of any third party.
- (3) If made after loss has occurred, such agreement may run only in favor of a third party falling within one of the following categories at the time of loss:

- (i) a third party insured under this policy; or
- (ii) a corporation, firm, or entity (a) owned or controlled by the named insured or in which the named insured owns capital stock or other proprietary interest, or (b) owning or controlling the named insured or owning or controlling capital stock or other proprietary interest in the named insured; or

(iii) a tenant of the named insured.

(d) Except as provided in paragraphs (b) and (c) above the Company shall not be bound to pay any loss if the insured has impaired any right of recovery for loss. However, it is agreed that the insured may, as respects property in transit, accept such bills of lading, receipts or contracts of transportation as are ordinarily issued by carriers containing a limitation as to the value of such goods or merchandise.

2. PERMITS AND USE

In the Conditions Applicable to Section I of the SMP Policy Conditions and Definitions Form:

A. Condition 16. Permits and Use is amended by adding the following:

(c) Without prejudice to this insurance, for there to be an error in stating the name, number, street or location of any building(s) covered hereunder, or of building(s) and personal property if covered under a single item of insurance, where there is no willful concealment or misrepresentation.

B. Condition 17. Vacancy, Unoccupancy and Increase of Hazard is replaced by the following:

Permission is granted for:

(a) The described building(s) to be vacant without limit of time, subject to a 15% reduction in the amount of loss payment otherwise due under this policy while the involved building(s) is vacant beyond a period of 60 consecutive days. This penalty will not be applicable during the period of any extension whereby the 60 day period is extended by endorsement.

('Vacant' or 'Vacancy' means containing no contents pertaining to operations or activities customary to occupancy of the building. A building in the course of construction shall not be considered vacant.)

(b) Unoccupancy

Provisions (a) and (b) above do not apply to the perils of vandalism or malicious mischief or sprinkler leakage.

- c. increased hazards and for change in use or occupancy.

3. PERSONAL PROPERTY OF THE INSURED

The following words are deleted from Personal Property of the Insured in Section I. Property Covered:

- A. "and usual to the occupancy of the insured" in the General Personal Property Form and Special Personal Property Form
- B. "and usual to the occupancy of the named insured" in the Condominium Unit-owners General Personal Property Form and Condominium Unit-owners Special Personal Property Form

4. EXTENSIONS OF COVERAGE

In the General Building Form

Special Building Form

Condominium General Building Form

Condominium Special Building Form

the following words are deleted from A. Newly Acquired Property under Extensions of Coverage:

"but not exceeding \$100,000"

5. PROPERTY NOT COVERED

The following is added to the provisions of the General Building Form, the Special Building Form, the Builders' Risk Completed Value Form, the Special Builders' Risk Completed Value Form, the Condominium General Building Form and the Condominium Special Building Form respecting Property Not Covered:

This policy does not cover land (including land on which covered property is located) or water.

6. DEBRIS REMOVAL

In the Conditions Applicable to Section I of the SMP Policy Conditions and Definitions Form, the following is added to Condition 5., Debris Removal:

The total liability under this policy for debris removal expense only shall not exceed a) \$5,000, plus b) 25% of: i) the amount recoverable under this policy for loss to property plus ii) the deductible in this policy applicable to such loss. Nor will this insurance cover debris removal expenses reported to the Company more than 180 days after the earlier of the date of direct loss or the expiration of this policy.

This Debris Removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

7. POLLUTANTS CLEAN UP AND REMOVAL

The following is added to the

General Building Form

Special Building Form

Condominium General Building Form

Condominium Special Building Form

This insurance covers expense to extract pollutants from land or water at the described premises if the release, discharge or dispersal of the pollutants is occasioned by loss caused by any of the perils insured against in this policy during the policy period. Such expenses must be reported to the Company within 180 days after the earlier of the date of direct loss or the expiration of this policy.

The liability of the Company for loss under this coverage shall not exceed \$10,000 in the aggregate for the sum of all such expense incurred arising out of insured perils occurring during each separate twelve month period of this policy. This limit applies as an additional amount of insurance.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

8. POLLUTION EXCLUSION

The following is added to the Special Building Form

Special Personal Property Form

Condominium Special Building Form

Condominium Special Personal Property Form

Condominium Unit-Owners Special Personal Property Form

Special Builders' Risk Completed Value Form

This policy does not insure under this form against loss caused by the release, discharge or dispersal of pollutants unless the release, discharge or dispersal is itself caused by fire, lightning, aircraft, explosion, riot, civil commotion, smoke, vehicles, windstorm or hail to property contained in any building, vandalism, malicious mischief or leakage or accidental discharge from automatic fire protective systems. But if loss by any of the above twelve perils ensues, then this Company shall be liable for only loss caused by the ensuing peril.

**9. APPLICABLE ONLY TO COVERAGE FOR
BUSINESS INTERRUPTION, TUITION FEES,
EXTRA EXPENSE, RENT OR RENTAL VALUE
OR OTHER CONSEQUENTIAL LOSS**

The following is added to the
Combined Business Interruption and Extra
Expense Endorsement

Extra Expense Endorsement
Loss of Rents Endorsement
Tuition Fees Endorsement
Loss of Business Income Endorsement
Gross Earnings Endorsement
Loss of Earnings Endorsement

The length of time to which this insurance applies
shall not include any increased period of time
required due to the enforcement of any law
regulating the prevention, control, repair, clean-up
or restoration of environmental damage.

SYSTEMS BREAKDOWN COVERAGE ENDORSEMENT

Various provisions in this Coverage Endorsement restrict coverage. Read the entire Coverage Endorsement carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Endorsement, the words "you" and "your" refer to the Named Insured shown in the Declaration page. The words "we", "us" and "our" refer to the Company identified on the Declaration page which is providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. DEFINITIONS.

A. COVERAGE

We will pay for direct damage to Covered Property, Business Interruption, Extra Expense, Off Premises Service Interruption and Spoilage caused by an "accident" at the location(s) specified on the Declaration page.

1. Covered Property

Covered Property, as used in this Coverage Endorsement, means any property that:

- a. You own; or
- b. Is in your care, custody or control and for which you are legally liable. In addition to paying for loss to this property, we will defend you against any claim or "suit" alleging liability for damage to this property, subject to the Defense and Supplementary Payments provisions.

2. Expediting Expenses

With respect to your damaged Covered Property, we will pay the reasonable extra cost to:

- a. Make temporary repairs;
- b. Expedite permanent repairs; and
- c. Expedite permanent replacement.

3. Business Interruption, Extra Expense and Off Premises Service Interruption

We will pay:

- a. Your actual loss from a total or partial interruption of business; and
- b. The reasonable extra expense to run your business during the interruption;

caused solely by an "accident",

including an "accident" to any transformer, electrical apparatus, or any covered equipment that is:

- (1) Located on or within 500 feet of your "location";
- (2) Owned by the building owner at your "location", or owned by a public utility company; and
- (3) Used to supply telephone, electricity, air conditioning, heating, gas, water or steam to your "location".

4. Spoilage

We will pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused solely by an "accident", including an "accident" to any transformer, electrical apparatus, or any covered equipment that is:

- a. Located on or within 500 feet of your "location";
- b. Owned by the building owner at your "location", or owned by a public utility company; and
- c. Used to supply telephone, electricity, air conditioning, heating, gas, water or steam to your "location".

5. Automatic Coverage for a Newly Acquired Location

We will automatically cover an "accident" at a newly acquired location. This automatic coverage

begin§ at the time you acquire the property and
 • continues for ninety (90) days, under the following conditions:

"accident" we will not pay any prejudgement interest based on that period of time after the offer; and

- a. You must inform us in writing of the newly acquired location within ninety (90) days of the date you acquire it;
- b. The equipment must be on site at the time of the acquisition and throughout the period of automatic coverage and be of a type that would be included in the definition of "accident";
- c. The highest deductible amount shown on the Declaration page shall apply to newly acquired locations; and
- d. You agree to pay an additional premium as determined by us.

- f. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the total amount of loss resulting from the "accident".

B. EXCLUSIONS

We will not pay for:

1. Ordinance or Law

Any increase in loss caused by or resulting from enforcement of any ordinance, law, regulation, rule or ruling regulating or restricting repair, alteration, use, operation, construction or installation. As used here, increase in loss also includes expenses incurred beyond those for which we would have paid if no substance declared to be hazardous to health by a governmental agency had been involved in the "accident".

2. Nuclear Hazard

Loss caused by or resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

3. War and Military Action

Loss caused by or resulting from:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

6. Defense

If a claim or "suit" is brought against you alleging that you are liable for damage to property of another in your care, custody or control, that was directly caused by an "accident", we will either:

- a. Settle the claim or "suit"; or
- b. Defend you against the claim or "suit", but keep for ourselves the right to settle it at any point.

7. Supplementary Payments

We will pay, with respects to any claim or "suit" we defend:

- a. All expense we incur;
- b. The cost of bonds to release attachments. We do not have to furnish these bonds;
- c. All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$ 1 00 a day because of time off from work;
- d. All costs taxed against you in any "suit" we defend;
- e. Prejudgement interest awarded against you on that part of the judgment we pay. If we make an offer to pay the total loss resulting from the

4. Other Exclusions

We will not pay for:

- a. Loss to data recorded on media used with any electronic computer or electric data processing equipment; and

Loss caused by or resulting from:

- b. An explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the gas passages from furnace to the atmosphere;
- c. Fire or combustion explosion that occurs at the same time as an "accident" or that ensues from an "accident". With respect to any electrical equipment forming a part of covered equipment this exclusion is changed to read:

Fire or combustion explosion outside the equipment that occurs at the same time as an "accident" or ensues from an "accident";
- d. An "accident" that is the direct or indirect result of a combustion explosion or fire;
- e. Water or other means used to extinguish a fire, even when the attempt is unsuccessful;
- f. Flood. However, if an "accident" results from a flood, we will pay for loss, damage or expense caused by an "accident";
- g. An "accident" caused directly or indirectly by earth movement, including but not limited to earthquake, landslide, mudslide, subsidence or volcanic eruption;
- h. Damage to media used with any electronic computer or electronic data processing equipment; or
- i. Any other indirect result of an "accident".

5. Additional Exclusions Applying to Business Interruption, Extra Expense and Off Premises Service Interruption

We will not pay for:

- a. The interruption of business that would not or could not have been carried on if the "accident" had not occurred;

- b. Your failure to use due diligence and dispatch and all reasonable means to resume business at the location(s) shown on the Declaration page; or
- c. That part of any loss or expense that is due solely to the suspension, lapse or cancellation of a contract following an "accident" extending beyond the time business would have resumed if the contract had not lapsed, been suspended or canceled.

6. Additional Exclusion Applying to Spoilage

We will not pay for loss or damage as a result of your failure to use all reasonable means to protect the perishable goods from damage following an "accident".

7. Concurrent Causes of Loss

We will not pay for any loss excluded above even though any other cause or event contributes concurrently or in any sequence to the loss.

C. LIMITS OF INSURANCE**1. Property Damage**

We will not pay more than the applicable limit of insurance shown on the Declaration page of this Coverage Endorsement for property damage loss or expense that results from any "one accident".

2. Hazardous Substance Limitation

The following applies despite the operation of the Ordinance or Law exclusion. This limitation does not apply to damage, contamination or pollution caused by ammonia.

If Covered Property is damaged, contaminated or polluted as a result of an "accident" by a substance declared to be hazardous to health by a governmental agency, the most we will pay for any additional expenses incurred by you for clean up, repair or replacement or disposal of that property will be limited to \$25,000. As used here, additional expenses mean expenses incurred beyond those for which we would be liable if no substance hazardous to health had been involved.

3. Business Interruption, Extra Expense and Off Premises Service Interruption

As regards Business Interruption, Extra Expense and Off Premises Service Interruption Coverage our limit of liability for any "one accident" is equal to twelve (12) consecutive months of actual loss for a toW or partial interruption of your business.

D. DEDUCTIBLE - Combined All Coverages

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the Deductible shown on the Declaration page. We will then pay the amount of loss, damage or expense in excess of the Deductible. If more than one covered piece of equipment is involved in any , "one accident", only the highest Deductible will apply. The limit of insurance shall not be reduced by the amount of the deductible.

E. CONDITIONS

1. Loss Conditions

a. Duties in the Event of Loss or Damage

You must see that the following are done in the event of loss or damage:

- (1) Give us prompt notice of the loss or damage. Include a description of the property involved;
- (2) As soon as possible, give us a description of how, when and where the loss or damage occurred;
- (3) Allow us a reasonable time and opportunity to examine the property and premises before repairs are undertaken or physical evidence of the "accident" is removed. You must take whatever measures are necessary for protection from further damage;
- (4) Permit us to inspect the property and records;
- (5) If requested, permit us to question you under oath, at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed;

(6) Send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within sixty (60) days after our request; and

(7) Cooperate with us in the investigation and/or settlement of the claim.

b. Insurance Under Two or More Coverages

If two or more of this Policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

c. Legal Action Against Us

No one may bring a legal action against us under this Coverage Endorsement unless:

- (1) There has been full compliance with all the terms of this Coverage Endorsement; and
- (2) The action is brought within two years after the date of the "accident"; or
- (3) We agree in writing that you have an obligation to pay for damage to Covered Property of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Coverage Endorsement to bring us into an action to determine your liability.

d. Loss Payable Clause

- (1) We will pay you and the loss payee shown on the Declaration page for loss due to an "accident", as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement an your part.
- (2) We may cancel this Coverage Endorsement as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee's interest.

If we cancel, we will mail you and the loss payee the same advance notice.

- (3) If we make any payment to a loss payee, we will obtain their rights against any other party.

e. Other Insurance

- (1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Endorsement. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the total loss resulting from any "accident" bears to the Limits of Insurance of all insurance covering on the same basis.
- (2) If there is other insurance covering the same loss or damage, other than that described in (1) above, we will pay only the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not.

In no case, will we pay more than the total loss resulting from an "accident".

f. Transfer of Rights of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Endorsement has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them.

g. Valuation

- (1) We will pay you the amount you spend to repair or replace Covered Property directly damaged by the "accident". Our payment will be the smallest of:
 - (a) The cost at the time of the "accident" to repair the damaged property with property of like kind, capacity, size and quality;
 - (b) The cost at the time of the "accident" to replace the damaged property on the same site, with other new property:
 - (i) Of like kind, capacity, size and quality; and

(ii) Used for the same purpose; or

- (c) The amount you actually spend that is necessary to repair or replace the damaged property.
 - (2) As respects any covered equipment, if the cost of repairing or replacing only a part of the covered equipment is greater than:
 - (a) The cost of repairing the covered equipment; or
 - (b) The cost of replacing the entire covered equipment on the same site;
- We will pay only the smallest amount. The repair parts or replacement covered equipment must be:
- (c) Of like kind, capacity, size and quality; and
 - (d) Used for the same purpose.

(3) We will not pay you:

- (a) If the loss or damage is to property that is obsolete or useless to you; or
- (b) For any extra cost if you decide to repair or replace the damaged property with property of a better kind or quality or of larger capacity.

(4) If you do not repair or replace the damaged property within twenty-four (24) months after the date of the "accident", then we will pay only the smaller of the:

- (a) Cost it would have taken to repair; or
- (b) Actual cash value; at the time of the "accident". Paragraph (4) does not apply to any time period beyond the twenty-four (24) months that we agree to in writing.

h. Spoilage Valuation

- (1) We will pay for perishable goods damaged or spoiled as a result of an "accident" on the basis of:
 - (a) The selling price at the time of the

"accident" as if no loss or damage had occurred; and

- (b) Less any discounts and expenses you otherwise would have had.

(i) Media Valuation

We will pay for media, directly damaged by an "accident", at the cost of blank material for reproducing the records.

2. Other Conditions

a. Additional Insured

If a person or organization is designated in this Coverage Endorsement as an additional insured, we will consider them to be an insured under this Coverage Endorsement to the extent of their interest.

b. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of any obligation under this Coverage Endorsement.

c. Concealment, Misrepresentation or Fraud

This Coverage Endorsement is void in any case of fraud by you relating to it. It is also void if you intentionally conceal or misrepresent a material fact concerning:

- (1) This Coverage Endorsement;
- (2) The Covered Property; or
- (3) Your interest in the Covered Property.

d. Examination of Your Books and Records

We may examine and audit your books and records as they relate to this Coverage Endorsement at any time during the Coverage Endorsement period and up to three years afterward.

e. Inspection and Surveys

We have the right but are not obligated to:

- (1) Make inspections and surveys at any time;
- (2) Give you reports on the conditions we find; and

(3) Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- (1) Are safe or healthful; or
- (2) Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations on our behalf

f. Liberalization

If we adopt any revisions that would broaden the coverage under this Coverage Endorsement without additional premium within forty-five (45) days prior to or during the Coverage Endorsement period, the broadened coverage will immediately apply to this Coverage Endorsement.

g. Mortgage Holders

- (1) The term mortgage holder includes trustee.
- (2) We will pay for direct damage due to an "accident" to each mortgage holder shown on the Declaration page in their order of precedence, as interests may appear.
- (3) The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the covered property.
- (4) If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Endorsement the mortgage holder will still have the right to receive loss payments if the mortgage holder:
 - (a) Pays any premium due under this Coverage Endorsement at our request if you have failed to do so;

- (b) Submits a signed, sworn proof of loss within sixty (60) days after receiving notice from us of your failure to do so; and
- (c) Has notified us of any change in ownership or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Endorsement will then apply directly to the mortgage holder.

- (5) If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Endorsement:

- (a) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (b) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holders the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- (6) If we cancel this Coverage Endorsement, we will give written notice to the mortgage holder at least:

- (a) Ten (10) days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (b) Thirty (30) days before the effective date of cancellation if we cancel for any other reasons.

- (7) If we do not renew this Coverage Endorsement, we will give written notice to the mortgage holder at least 10 days before the expiration date of this Coverage Endorsement.

h. Coverage Endorsement Period, Coverage

Territory Under this Coverage Endorsement:

- (1) The "accident" must occur:

- (a) During the Coverage Endorsement Period shown on the Declaration page; and
- (b) Within the coverage territory.

- (2) The coverage territory is:

- (a) The United States of America; and
- (b) Puerto Rico and Canada

i. Condition Applying Only to Business Interruption, Extra Expense, Off Premises Service Interruption and Spoilage Reducing Your Loss

You must reduce your loss, if possible, by:

- (1) Resuming business, partially or completely
- (2) Using merchandise or other property available to you; or
- (3) Using the property or services of others.

j. Suspension

Whenever any covered equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that equipment. This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the equipment is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement to this Coverage Endorsement for that equipment. If we suspend your insurance, you will get a pro rata refund of premium for that equipment. But the suspension will be effective even if we have not yet made or offered a refund.

DEFINITIONS**1. "Accident"**

a. "Accident" means a sudden and accidental breakdown of the following covered equipment:

- (1) Any boiler;
- (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents;
- (3) Any piping and its accessory equipment;
- (4) Any refrigeration or air conditioning system;
- (5) Any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

At the time the breakdown occurs, it must become apparent physical damage that requires repair or replacement of the covered equipment or part thereof. If covered electrical equipment requires drying out as a result of flood, the drying out will be considered an "accident".

b. None of the following is an "Accident":

- (1) Depletion, deterioration, corrosion or erosion, wear and tear,
- (2) The functioning of any safety or protective device;
- (3) The breakdown of any structure or foundation.

c. None of the following is Covered Equipment:

- (1) Any furnace;
- (2) Any sewer piping, underground gas piping, or piping forming a part of a sprinkler system;
- (3) Water piping other than boiler feed water piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;

(4) Insulating or refractory material;

(5) Media used with any electronic computer or electronic data processing equipment;

(6) Vehicle, elevator, escalator, conveyor, hoist or crane.

d. If a strike, riot, civil commotion, act of sabotage or vandalism results in an "accident", this insurance applies. However, the War and Military Action Exclusion and the conditions of this Coverage Endorsement still apply.

2. "One Accident"

If an initial "accident" causes other "accidents" all will be considered "one accident". All "accidents" at any one "location" that manifest themselves at the same time and are the result of the same cause will be considered "one accident".

3. "Suit"

Means a civil proceeding to which this insurance applies and that may include an arbitration proceeding to which you must submit or submit with our consent.

4. "Location"

Means the premises at the address shown on the Declaration page.